Global Pricing Study 2025

Choosing your route to growth

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SIMON KUCHER
Unlocking better growth

Executive summary

Pricing is currently at the center of most conversations. US tariffs are poised to overhaul cost structures and market dynamics across global industries. In response, companies must sharpen their pricing strategies. This helps not just to protect margins but to reinforce value creation where it's under pressure.

In early 2025, just before tariff measures sparked widespread discourse, our Global Pricing Study (GPS) surveyed over 2,200 business leaders across 28 countries and 39 industries. More than half of respondents were at C-level.

What the results show is both revealing and urgent. Most companies grew in 2024, but only a small number did so profitably. The key reasons being pricing discipline and proactive strategic action.

But companies are still missing out on revenue growth opportunities and significant profit potential. The average price realization rate has dropped to 43%, held back by customer resistance and rising competition. Only 40% of companies rank pricing as their top profit lever.

AI is beginning to play a role in pricing, but most companies use it for basic and transactional functions. Similarly, while 53% of companies use contract indexation, only half enforce it consistently.

Overall, our GPS 2025 results highlight the growing disconnect between pricing ambition and execution.

In this moment, when the global economy is already feeling the implications of potential tariff trade-offs, strategic pricing is your most powerful asset. Success now demands top executive-level attention on pricing. It calls for more deliberate decisions, cross-functional coordination, and investment in capabilities.

The time to strengthen pricing power is now, before external pressure determines the outcome for you.

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5 takeaways from the GPS 2025

Progress and growth are persistent

Despite years of disruption, 86% of companies grew revenue in 2024 – 63% outpaced inflation. Additionally, 77% increased profit margins in 2024.

Price pressure increased for most companies

Price pressure is at its highest level in years. With incoming US tariffs set to intensify cost and margin pressures, pricing power must have greater focus at the top level.

Pricing power is underestimated

At a time when tariff-driven cost pressures make it a critical lever for control, pricing power should take precedence for businesses aiming to build resilience and protect margins.

Price realization rate has decreased

Average price realization has dropped by 5 percentage points in the last two years, signaling a growing disconnect between pricing strategy and execution.

Pricing with AI is not yet mature

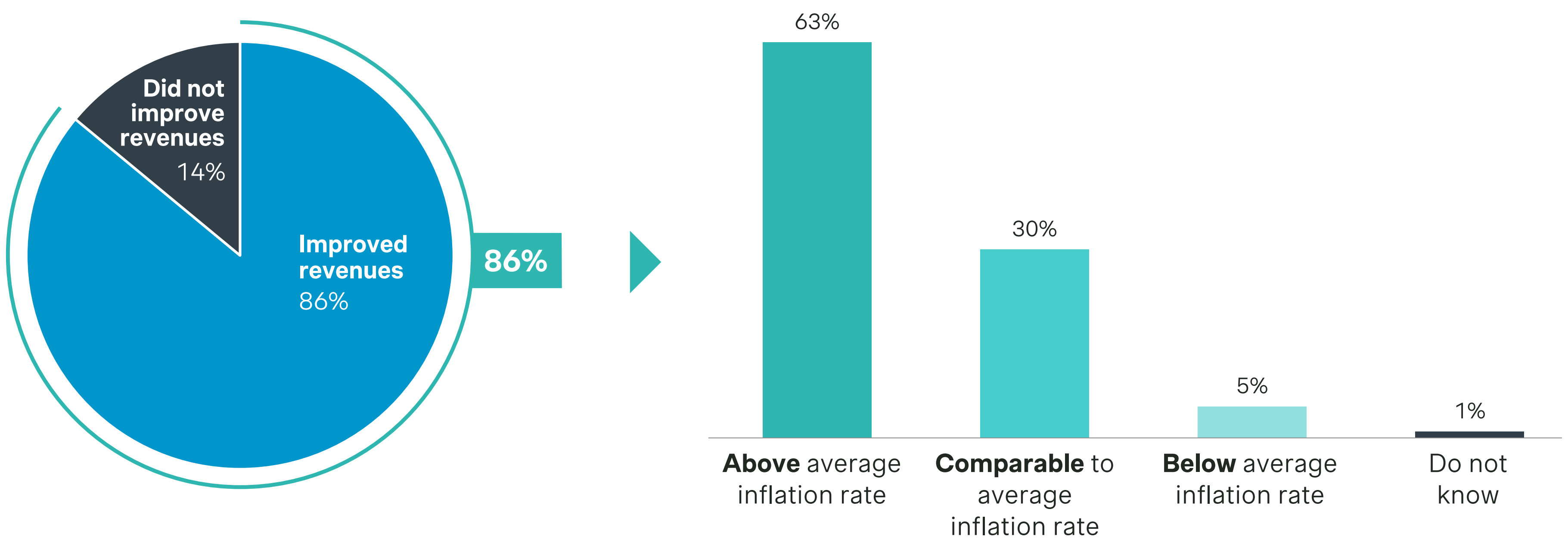
AI-powered pricing is still in its early stages. But as momentum builds, pricing teams must go beyond basic applications and use it for strategic advantage.

State of pricing 2025

Pricing is still underused to drive profit.

Growth against the odds

Global economic uncertainty has not affected everyone's progress. Despite instability being a constant in the last few years, our study results show that **86% of companies reported revenue growth in 2024**, with **63% outpacing inflation**.



How did they do it? **Pricing power.**

- 80% passed cost increases to customers. Over half of those increases were passed through indices, automatically adjusting prices based on changes in market costs.
- 68% went further than index-based pricing. They proactively raised prices, taking strategic pricing actions that outpaced rising costs.

Overall, 77% of companies increased profit margins in 2024. What drove this margin expansion?

Top profit drivers:

Prices (44%)

- 28% of companies increased prices
- 16% used price adjustments to offset cost increases

Volume (38%)

- 20% expanded sales volumes
- 18% shifted their sales toward higher margin offerings

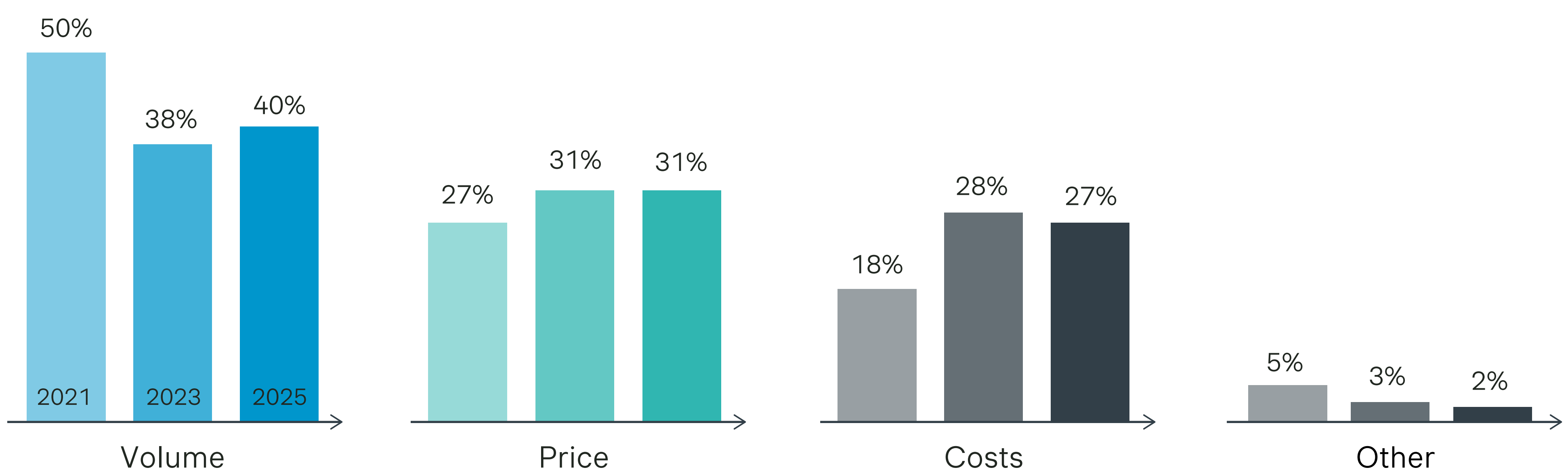
The pricing landscape in 2025

Many companies still underestimate pricing as a profit lever.

Our pricing trends show that **sales volume** remains the top profit driver over the next 24 months. But even that influence is waning: the impact of volume on profitability is down from 50% in 2021 to 40% in 2025.

Meanwhile, **pricing** remains powerful but underused as a profit lever. Companies that undervalue it experience inconsistent price execution, missed margin opportunities, and increased exposure to price pressure.

Which of the following is the biggest driver of future profit growth in your company?



GPS trends confirm that while volume remains the top profit driver, its impact has declined from 50% in 2021 to 40% in 2025.

Profits lagging behind pricing ambition

Inflation is easing, and supply chains are slowly getting back to normal. But new pressures are emerging – most notably, the rising tariff uncertainty. The incoming measures are sure to reintroduce volatility in global trade, just as many companies are struggling to convert pricing strategies into real profits.

Over the past two years, average price realization has dropped by 5pp and now sits at 43%. This declining trend suggests future challenges as pricing conversations get harder. Our study respondents find customer resistance (23%) and competitive pressure (22%) are the top barriers to achieving a full price increase.

Compounding the issue, price pressure has steadily increased. 64% of companies now report higher pressure, up from 57% in 2021.

Increasing prices remain the most direct lever to protect margins. Yet only 24% of our study respondents plan to implement a price increase above inflation in 2025. This indicates a market taking a cautious approach as price increases can no longer be justified due to cooling inflation.

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The top three reasons for price pressure

18%
Increased low-price competition

15%
Increased customer negotiation power

13%
Increased customer price transparency

AI in pricing: Increasing adoption but still low impact

There's a lot of anticipation surrounding AI technologies. AI-powered pricing is no exception. Effective pricing strategies – with AI application – have the potential to improve price optimization, new product launches, and product portfolio management across all industries.

But data from our study reveals broad adoption and narrow application of AI in pricing.

72% of respondents use AI in pricing, primarily to reduce human error, personalize pricing for different customer segments, and automate pricing decisions. This suggests few are pushing AI usage in pricing beyond the basics. The most common use case today? Gathering market intelligence. 41% of respondents are using this data to analyze competitor pricing and customer pricing sensitivity, overlooking the broader possibilities of AI.

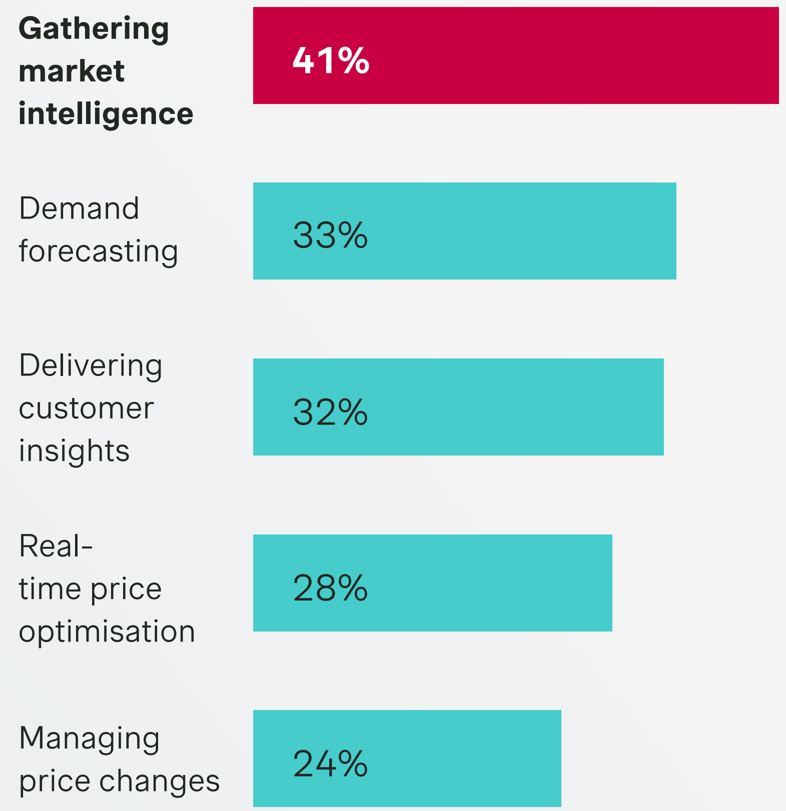
The TMT sector leads in adoption (84%), but even there, strategic improvements are not a priority.

So, what's holding companies back?

Among those not using AI, 54% point to the lack of in-house expertise or resources. The right AI technology and proper staff training should make a substantial difference in helping companies move from adoption to price optimization. The potential is clear. But unlocking better, competitive pricing demands targeted investment that goes beyond tactical improvements and more toward strategic reinvention.

AI use-case: AI is primarily used for gathering market intelligence

How does your company use AI in the pricing process?



Pricing priorities for the future

Despite successive geopolitical shocks over the last several years, the global economic outlook is more resilient than expected.

The future of pricing

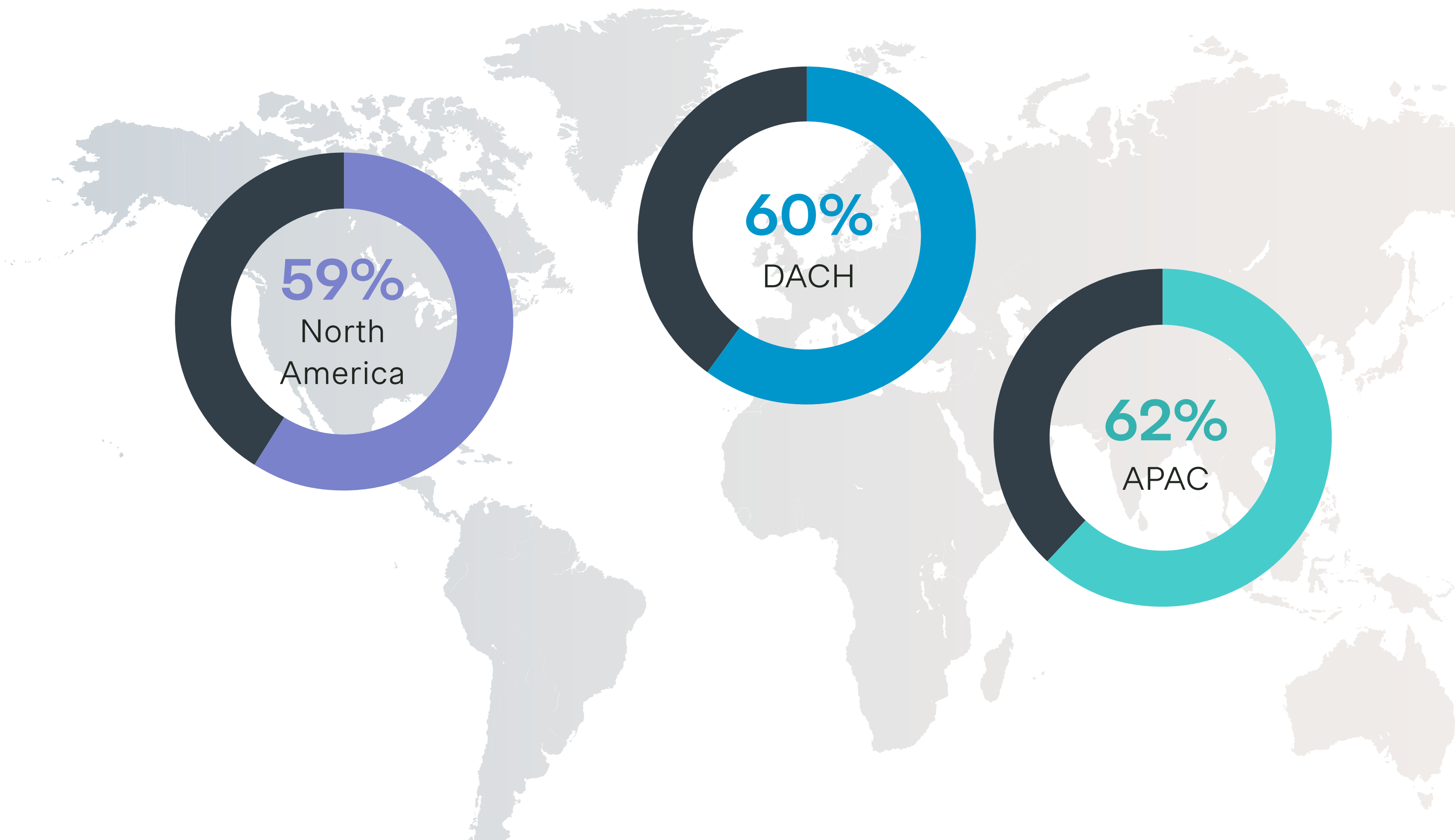
Overall economic development is likely to be at a lower growth rate if the right pricing strategies are not applied in a timely manner.

Of the 41% of companies that see volume as the biggest driver for future profit growth, there are no significant differences across regions. However, they agree the top three challenges limiting growth are:

18%	16%	16%
Price pressure	**Stagnating demand**	**Entry of competitors**

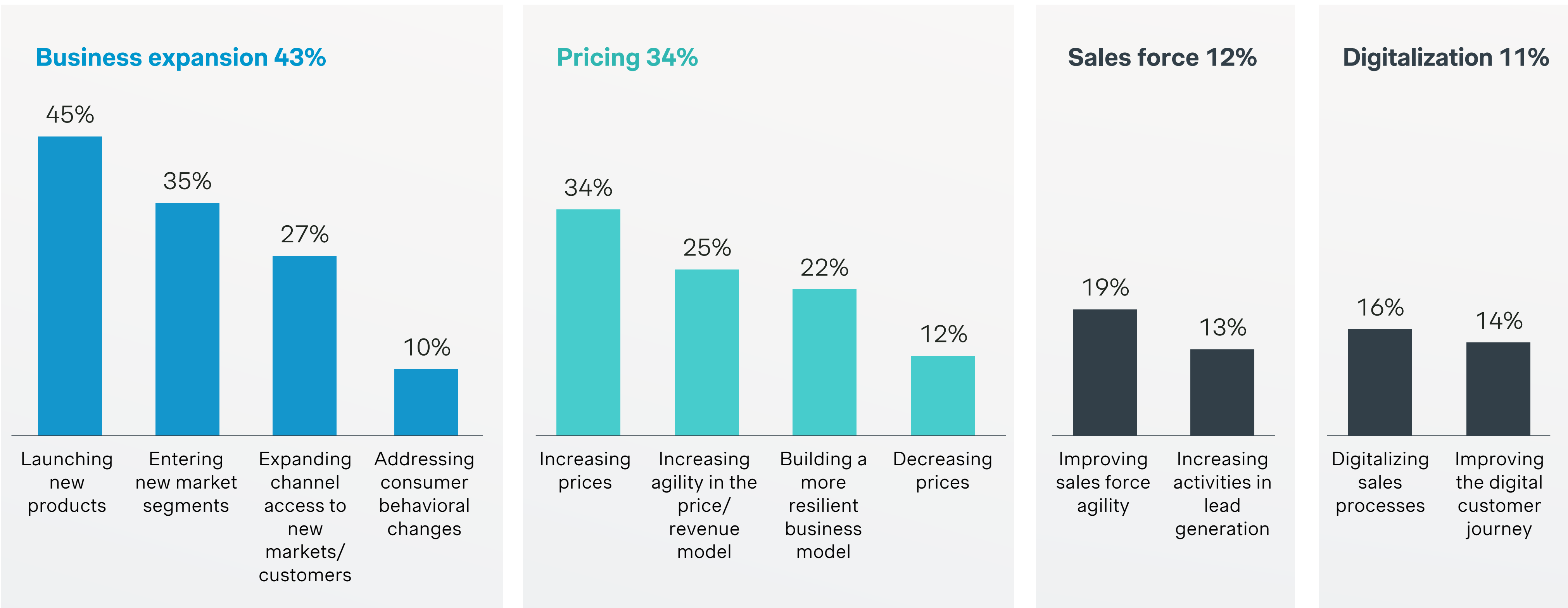
This shows a need to look beyond volume. Companies that consistently perform well are those that treat pricing power as a core capability that is dynamic and shaped regularly by market forces, data, and strategic decisions. As competition builds, defending pricing power is critical for profitable and sustainable growth.

Nearly 60% of our respondents anticipate better economic conditions in 2026, with **APAC being the most optimistic**. Expectations are lower in South and Central America, the Middle East, and the Nordics.



How are companies planning to increase revenue in 2026?

Business expansion (43%) and **strategic pricing (34%)** are the top priorities for long-term growth. To support these goals, companies are focusing on improving value communication, introducing new products, and strengthening customer perception. These strategies are intended to counter economic strain and reinforce pricing power.



A closer look at B2B and B2C companies shows different priorities but common pressures.

B2B companies want more dynamic contracts (26%) and indices (18%) to protect from cost instability. 30% of B2C companies expect more challenging negotiations with manufacturers and retailers in 2026, primarily due to market conditions.

But across the board, the main priorities for 2026 are:

- Implementing new pricing models
- Leveraging emerging pricing technologies
- Strengthening customer segmentation strategies

Pricing excellence starts at the top

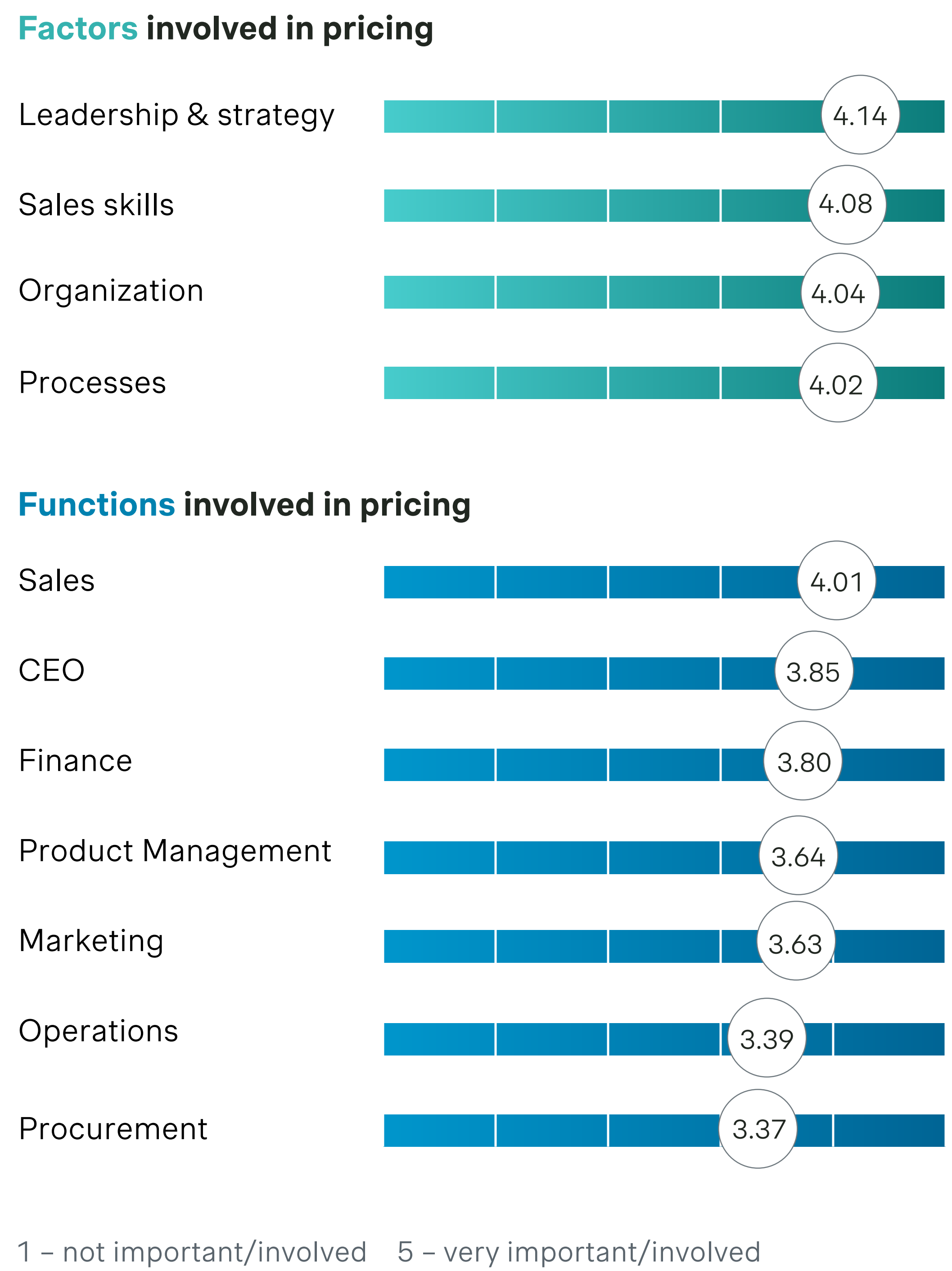
In many businesses, pricing is siloed and treated as a function rather than a capability. But for companies aiming to strengthen pricing power and achieve ambitious pricing targets, pricing decisions should always be led by the C-suite.

Our 2025 GPS findings reinforce this. Pricing is a commercial lever as well as a leadership responsibility. CEOs and sales leaders are the most involved in pricing decisions, especially in EMEA.

Where leadership involvement is strong, pricing strategies align more closely with broader business priorities. Top-level executives are also more likely to challenge existing standards, set bold targets, and drive cross-functional accountability goals for their teams. A direct consequence of this is a more cohesive and strategic pricing approach, designed to ease price pressure and boost revenue growth opportunities.

Today, in many ways, pricing power is also a leadership test. And the businesses that recognize this and prepare for it will be the ones that lead.

Pricing is a commercial lever as well as a leadership responsibility.



Smarter growth for challenging times, with Simon-Kucher

It's not enough to react to pricing challenges with outdated strategies that rely on volume alone. Especially now with growth forecasts anticipated to be hit hard with US tariffs, it's important to strive for pricing power. We are here to help you.

Our approach is always data-driven, focusing on three key areas to build pricing power:

Define your targets

Create a price roadmap

Implement a pricing framework

We do this to ensure a clear understanding of where prices should be for the next five years and align your strategy accordingly. We review your existing pricing principles or establish new ones to ensure the framework reflects your business needs and the new market requirements. Then we support you in preparing for future price increases. We help train your sales teams and communicate reasons for your new pricing strategy to your customers.

To put it simply, we help you win. That means making sure your business is ready with a clear plan: relevant pricing strategy, confident sales team, and a committed leadership.

Don't wait for more pricing disruptions. Reach out to our pricing experts today.

Our sole focus is on unlocking better growth, helping businesses realize sustainable, profitable success. From pioneering pricing strategies to delivering complete commercial growth solutions, we create value, spark innovation, and deliver measurable impact.

40 Years

Unlocking Better Growth.

Talk to our experts

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