

# Why marketers need to take note of how digital transformation impacts pricing

Covid-19 has accelerated digital channels across all businesses. While brands are focusing on customer experience or UX, they are missing crucial elements in their digital transformation projects - pricing.



Source: [www.pexels.com](https://www.pexels.com)

Nevo Hadas, partner at DYDX, explains how successful digital-first brands beat traditional brands in the digital space because they have been pricing for their jugular.

“For example, Google scrapped rate cards, which traditional media use, for auctions where the highest bidder’s ad is more likely to get seen and clicked on. This pushes up pricing to its maximum level but always within the affordability of the specific keyword’s market. Had google used rate cards, it would not be where it is today,” says Hadas.

Fintech’s and neo banks are pricing based on new metrics, eliminating unnecessary customer fees based on old-world costs. FX leader Wise, does not charge any account fees or card fees, making all of its money from FX exchange and transfer charges, which are much cheaper than banks. Similarly, Currencies Direct bundles all fees and charges into your exchange price, simplifying FX even further. Low-cost airlines revolutionised travel through digital channels by breaking apart previously bundled services, such as luggage and seat allocation. Slack caught on like wildfire by not requiring a fixed number of licenses for users, simplifying purchase and providing credits if users dropped off - challenging Microsoft and other enterprise software vendors to change their models. Spotify charges a subscription for music versus per song.

“Because the hype is all about design, too many businesses are launching new products by testing the idea, or the usability but never including the pricing as part of their test. Product adoption will falter even though it may be a great idea if it's not being charged at the right price, “says Hadas.

Pricing is not a number in the customer’s mind. Price is based on value, which can change for a customer based on external factors that are not linked to a product’s intrinsic characteristics. A great pricing model identifies and charges in a way that matches the clients value. Robin Hood, the breakthrough free brokerage, offers advanced functionality only when customers make a profit on trades.

“Pricing does not have the sexiness of UX or design but plays a critical role in the success of new products and services, “concludes Hadas.

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