

Pricing Drift

Why Pricing Performance Erodes Long Before Strategy Fails

Fred Puech
Founder, Keenalytix

Executive Summary

Pricing failures are routinely misdiagnosed as strategy failures. When performance deteriorates, the instinct is to question the analysis, revisit the segmentation, or invest in new pricing capability.

That diagnosis is usually wrong.

Pricing performance erodes because organizations lose control of what happens after a decision is made, not before it.

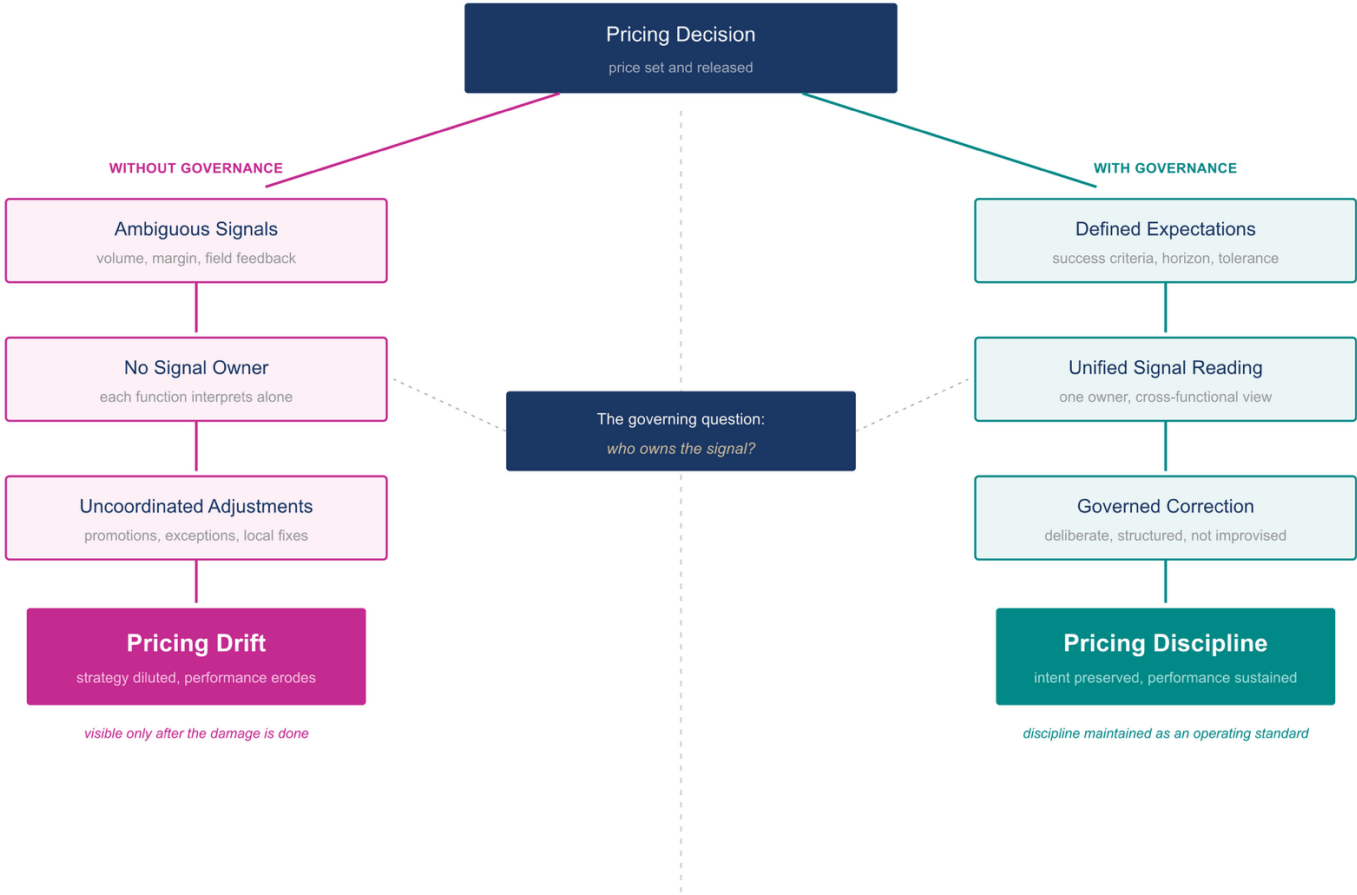
A price increase enters the market. Early signals are mixed. Different teams interpret the data differently. Small adjustments accumulate and the original intent becomes diluted.

This is pricing drift.

Pricing drift is not caused by poor analysis. It is caused by weak decision governance. Without clear ownership of pricing signals and disciplined correction mechanisms, organizations gradually lose control of pricing outcomes.

Pricing performance is therefore less a function of analytical sophistication than of decision discipline and governance clarity.

THE PRICING DRIFT DYNAMIC
TWO LOGICS OF PRICING CONTROL



1. A Pricing Decision Is Not an Event

A pricing decision does not end when the price is set. It initiates a sequence of commercial consequences that unfold over weeks and months.

Each price adjustment, promotion, or competitive response opens a window of uncertainty. The market does not react instantaneously, and the signals that do arrive are rarely unambiguous.

Demand patterns shift. Competitive activity evolves. Customer behavior varies by segment and channel. The picture is never complete.

The challenge is not simply making the initial decision. The challenge is reading the consequences accurately and responding with coherence.

This is precisely where most organizations begin to lose their footing.

2. The Emergence of Pricing Drift

The pattern appears consistently across industries.

A company implements a price increase. Early results are mixed. Volume softens in some channels while holding elsewhere. Finance flags that margin is running slightly below projection. Sales reports friction in certain accounts.

None of this necessarily means the strategy is wrong. But uncertainty grows.

Different teams respond to what they each see. Promotions are extended. Exceptions are granted. Local adjustments are made to stabilize performance in specific markets.

Each decision is defensible on its own. Together, they quietly unwind the original pricing decision.

This is pricing drift.

Pricing drift is rarely dramatic. It accumulates through small, reasonable-seeming reactions. By the time deterioration becomes visible in aggregate performance, the strategy has already been substantially altered.

3. Why Organizations Struggle to Detect Drift

Drift persists because organizations rarely have a structured way to interpret pricing signals as a coherent whole.

Two structural challenges are especially common.

First, pricing data is inherently ambiguous. Early demand shifts may reflect seasonality, competitive activity, operational disruption, or genuine price sensitivity. Distinguishing signal from noise requires both judgment and time.

Second, different functions are watching different things. Finance tracks margin variance. Marketing monitors traffic and conversion. Sales hears from the field. Operations watches volume. Each function sees part of the picture.

No single function integrates the full signal.

Without a clear mechanism for synthesizing these views, the organization is left asking the same question repeatedly: is this normal volatility, or the beginning of something structural?

That ambiguity is where drift begins.

4. Pricing Drift Is a Governance Problem

When pricing performance deteriorates, the typical response is to reach for more analysis. New studies are commissioned. Models are refined. Pricing tools are upgraded.

These efforts may improve analytical capability. They rarely address the actual problem.

Pricing drift is primarily a governance problem.

Effective pricing governance requires clear answers to three questions.

1. Who owns the pricing decision once it is live?
2. Who is responsible for reading performance signals across functions?
3. Who decides whether to act, and what that action should be?

In many companies these responsibilities are distributed informally across finance, marketing, sales, and pricing teams, with no clear integration point. The result is fragmented interpretation and inconsistent action.

When no one is explicitly accountable for the full picture, pricing coherence erodes by default.

5. The Discipline Required to Prevent Drift

Preventing drift is not a matter of analytical sophistication. It requires three organizational disciplines.

First, every pricing decision should be accompanied by an explicit performance definition. What does success look like, over what time horizon, and within what range of acceptable variation? Without this clarity, the organization has no shared basis for evaluating what it observes.

Second, signal interpretation must have a clear owner. A function, role, or cross-functional body must be explicitly responsible for integrating what finance, marketing, sales, and operations each see and forming a unified view.

Third, corrective action must be governed rather than improvised. When adjustment becomes necessary, it should follow a defined process instead of emerging from independent decisions taken within individual functions.

None of this requires sophisticated tools. It requires clarity about who is responsible for what and the discipline to act through structure rather than around it.

6. Rethinking Pricing Performance

The conversation about pricing is often dominated by tools, models, and analytical capability.

Many organizations with sophisticated pricing infrastructure still experience significant erosion.

The difference typically lies not in the quality of the analysis, but in the quality of the governance.

Organizations that maintain pricing discipline do not simply analyze prices better. They maintain control over pricing decisions after those decisions reach the market.

They monitor signals with shared visibility. They interpret data with a unified view. When adjustment becomes necessary, they act deliberately through a defined process.

They govern their pricing. They prevent drift.

Pricing performance is ultimately a governance challenge. Organizations that recognize this do not treat pricing discipline as a transformation program, but as a permanent operating standard.

This perspective reflects recurring patterns observed across pricing decisions in consumer-facing industries.