

# DeLaval increases their customer satisfaction through value-based pricing



DeLaval provides integrated solutions designed to improve dairy producers' production, animal welfare, and overall quality of life. They are a full-service supplier to dairy farmers. DeLaval develops, manufactures, and distributes equipment and complete systems for milk production and animal husbandry. They operate in more than 100 markets around the world and are passionate about customer value.

## Challenge

Prior to working with Vendavo, DeLaval's business model was developed and strategized by the parent company and then deployed to the affiliated subsidiaries with minimal consideration of the many external factors at play. Specifically, pricing was unilaterally set by the parent company with little granularity. The internal process itself consumed too much time and energy requiring negotiations before the pricing was approved for sales to begin their customer negotiations.

Not only was the time of valuable contributors being depleted, but the affiliated subsidiaries

also operated with highly disparate prices. Cross-border business was now a high-risk event that was having unintended impacts on the sales organization and branding for the company. It was not rare that the same product would be positioned as a low-price alternative in one market and a high-price alternative in another.

This was not a sustainable practice and DeLaval did not want customers to start to perceive this pricing as illogical and not conducive to their purchases and interactions. Additionally, this meant DeLaval was not realizing their full potential.

Once this was realized, the company was able to isolate their next steps to improve price management strategy.

## Solution

DeLaval needed to move from their cost-plus pricing system to a value-based pricing strategy and methodology. This was made possible through the partnership and continuous work with the DeLaval and Vendavo teams.

The project started with training a large team that would facilitate the roll out of the eventual strategy throughout the organization. The extensive work covered all their markets and products starting in their capital goods and aftermarket business units.

The team, made up of multiple cross-functional members, created a structure that arranged everything into three categories – spare parts, accessories, and products. Additionally, central pricing analysis and market management analysis were performed in parallel. This helped develop and supply subsidiaries with value-based, market-driven local prices.

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By moving from an internal sales price strategy between the parent company and the affiliated subsidiaries, to a value-based approach the corporation increased customer satisfaction, internal efficiency, and profits.”

– Pricing Specialist



Vendavo Pricepoint became the framework to manage and maintain global and local prices. Another factor in DeLaval's success was the level of detail and strategy used to roll out the new system. It was important for teams and individuals to have proper training on the solution, relevant tasks, and the future strategy of pricing.

## Benefits

- Consistent, competitor-aligned, and easy-to-explain prices improved customer relationships and trust
- Improved overview and quality of pricing, strategy, and processes provide more value for products and business objectives
- Enhanced governance and internal efficiency managing, maintaining, and communicating global and local prices



## About Vendavo

Vendavo's AI-embedded Pricing and Sales solutions power the shift to digital commerce for the world's most demanding B2B companies, unlocking value, growing margin and accelerating revenue. With the Vendavo SaaS Commercial Excellence platform and our best-in-class CPQ and price optimization solutions, they develop dynamic customer insights and optimal pricing strategies that maximize margin, boost sales effectiveness and improve customer experience.

Vendavo has headquarters in Denver, with offices in the UK, Germany and Sweden.

For more information, please visit <http://www.vendavo.com>