



Sustainability in Automotive Pricing

Dr. Thomas Ruhnau, Wilfried Bunzel

Introduction.

Diesel Particle Filter.

European CO2 Regulation.

EU6 Emission Standard.

AdBlue.

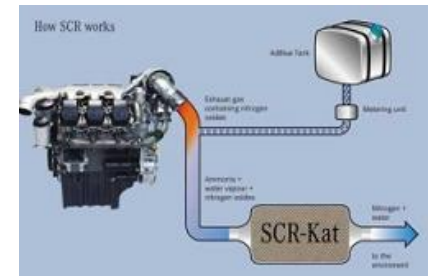
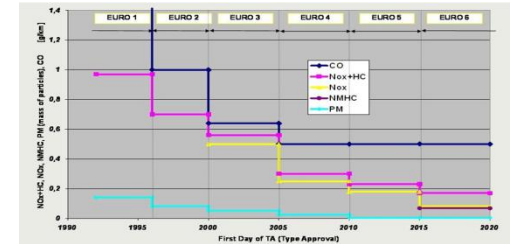
Corporate Average Fuel Consumption.

California Air Resources Board.

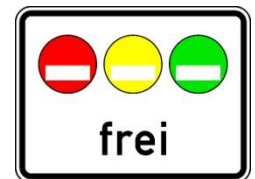
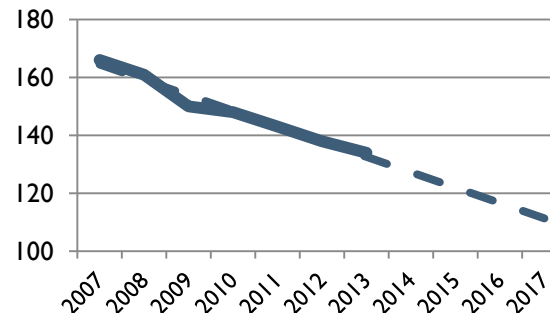
Environmental Protection Agency.

Super Ultra Low Emission Vehicle.

Congestion Regulations.



CO2

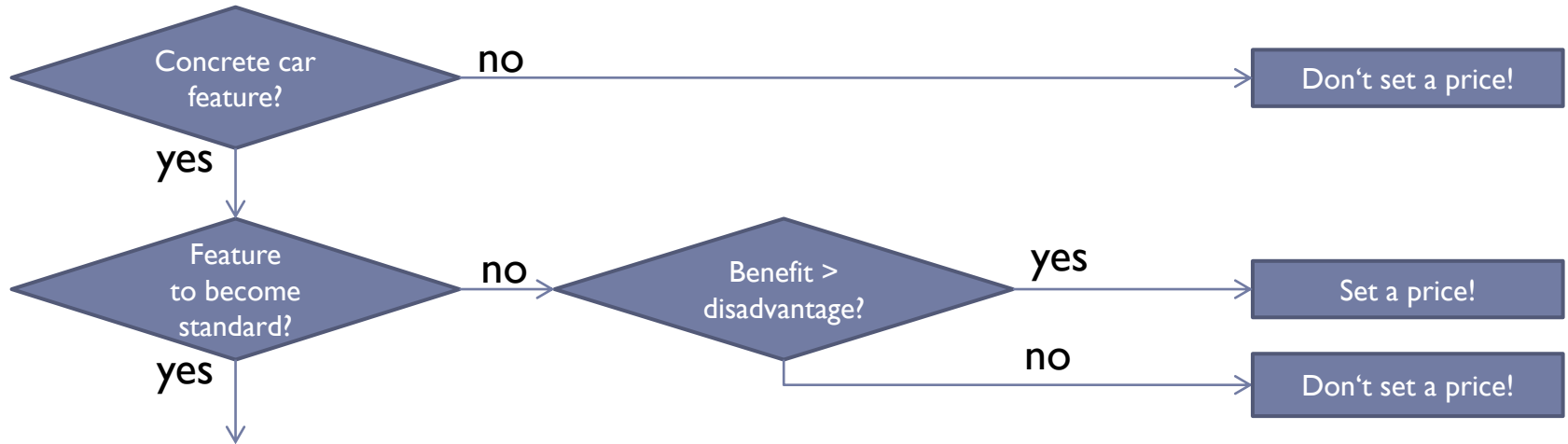


Price it or not- A Decision Model.

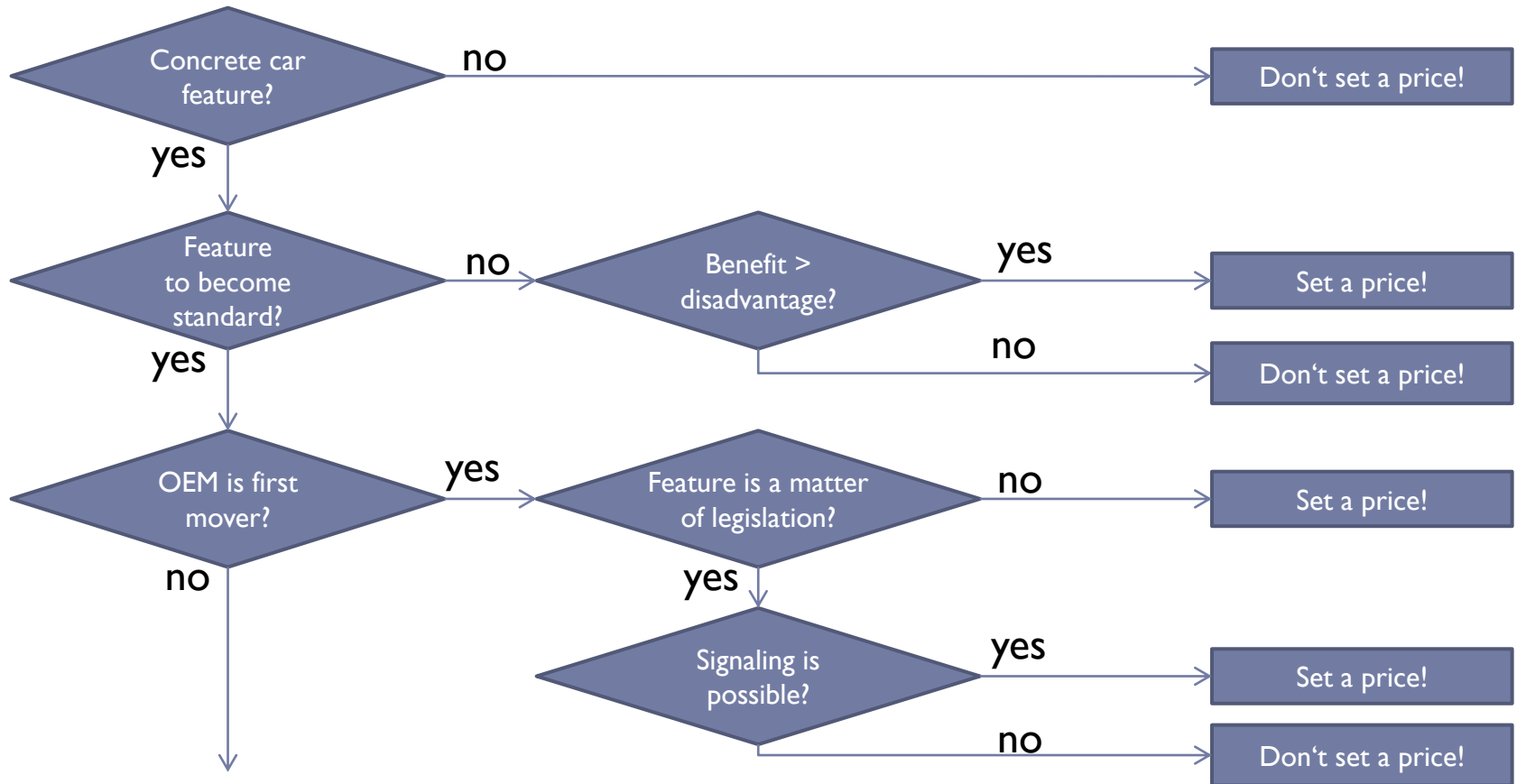
Price it or not- A Decision Model.



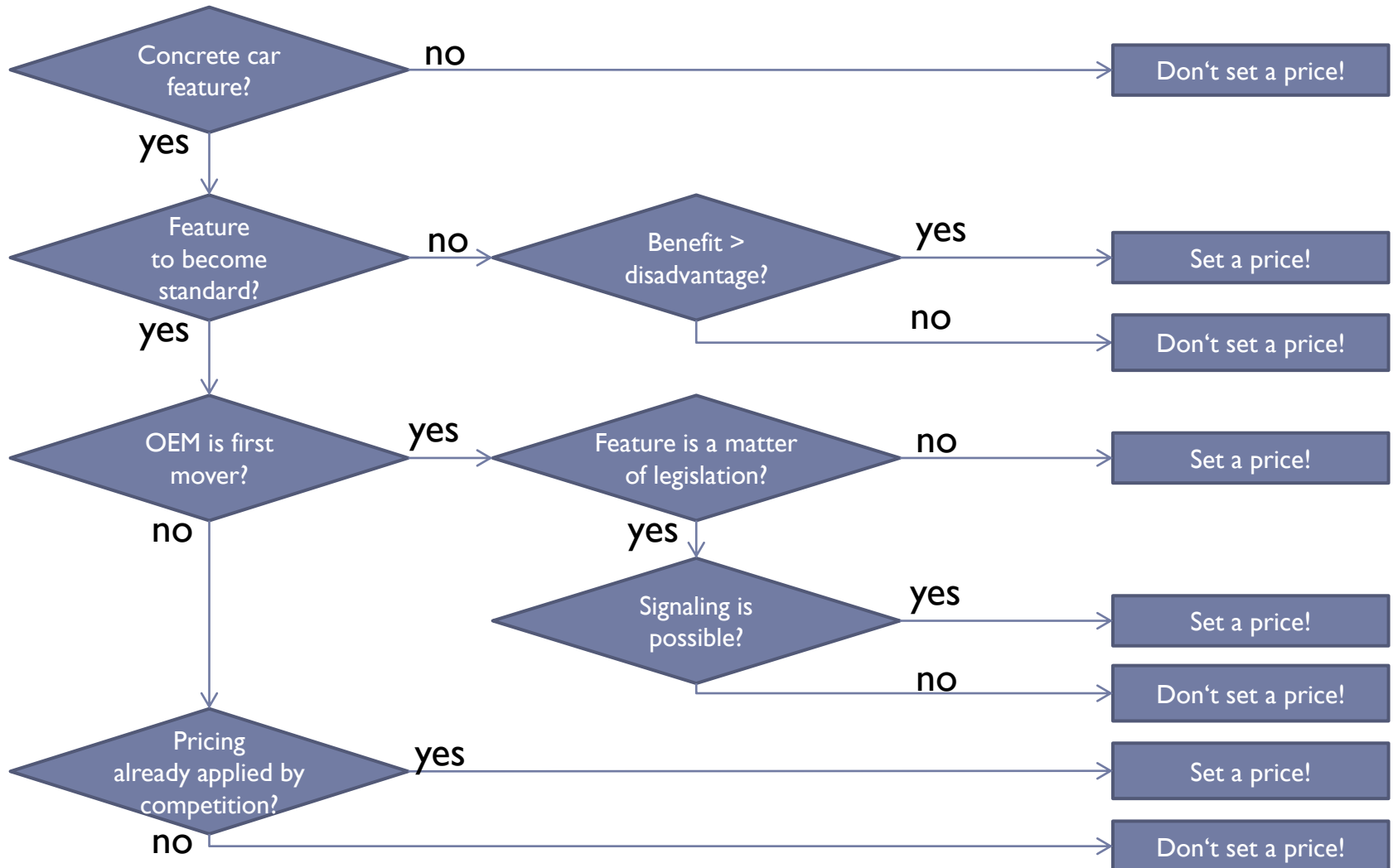
Price it or not- A Decision Model.



Price it or not- A Decision Model.

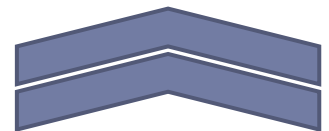
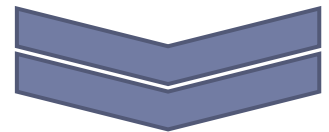


Price it or not- A Decision Model.



Strategy and Process.

- ▶ **Strategies in advance:**
 - ▶ Target costing
 - ▶ Target pricing
- ▶ **Strategic decisions latest during pricing:**
 - ▶ Offered as single option and / or package or as standard
 - ▶ Pricing position against competition
 - ▶ General contribution targets
- ▶ **Process**
 - ▶ Decide strategy
 - ▶ Set borders
 - ▶ Evaluate Field in between
 - ▶ Decide price position



Determination of a suiting Price.

- ▶ **Lowest Price:**
 - ▶ Worst case 0€ (generally needed, legal restriction)
 - ▶ Derived from costs with contribution neutral / requested effect
- ▶ **Highest Price: realized customer value (remember: subjective), drivers are:**
 - ▶ Needs (functional, conscience, reputation)
 - ▶ Monetary benefit (tax reduction, less fuel consumption)
 - ▶ Negative effects (less power, Ad Blue refill)
- ▶ **Field in between:**
 - ▶ Inverse demand function and competitors prices
 - ▶ Customer overall spending
 - ▶ Special situations / national aspects (way of payment, culture)
 - ▶ Indirect: communication (also competition), brand experience

Examples.

- ▶ Catalytic converters to reach EU6 emission guideline at Diesel engines
 - ▶ MB / VW: Offered as standard on selected models
 - ▶ Audi: special model (reduced diesel tank and performance)
 - ▶ BMW: Offered as single option
- ▶ BMW EfficientDynamics models
 - ▶ Several measures (e.g. special wheels)
 - ▶ Reduced power
 - ▶ Less pollution / consumption
 - ▶ Same price

BMW 320i Limousine			
<input type="radio"/> Manuell		330,35 €	33.650,00 €
Benzin	135 kW [184 PS] 6,3 - 6,1 l/100km ^[1]	BMW Leasing	
	CO2-Emission 147,0 - 144,0 g/km ^[1]		
<input type="radio"/> Automatic Getriebe Steptronic		351,46 €	35.800,00 €
Benzin	135 kW [184 PS] 6,0 - 5,9 l/100km ^[1]	BMW Leasing	
	CO2-Emission 141,0 - 138,0 g/km ^[1]		
BMW 320i Limousine EfficientDynamics Edition			
<input type="radio"/> Manuell		312,97 €	33.650,00 €
Benzin	125 kW [170 PS] 5,3 l/100km ^[1]	BMW Leasing	
	CO2-Emission 124,0 g/km ^[1]		
<input type="radio"/> Automatic Getriebe Steptronic		332,96 €	35.800,00 €
Benzin	125 kW [170 PS] 5,4 l/100km ^[1]	BMW Leasing	
	CO2-Emission 127,0 g/km ^[1]		

Sources: audi.de / bmw.de / mercedes.de / volkswagen.de

Sustainability in Automotive Pricing.

- ▶ Focus customer experience and competition.
- ▶ Set and follow pricing strategy.
- ▶ Optimize within field of tactical borders.