



## **DYNAMIC PRICING**

*An opportunity to implement  
a competitive advantage  
for professional services firms*



# Dynamic pricing strategies for professional services

**Date: Wednesday February 14, 2024**

## Happy Valentine's Day!

Ever been totally fleeced for that rose and/or box of chocolates you just bought for your loved one? You're not alone. So why is it we're happy to pay several times more for a rose and chocolates (and numerous other consumables) on 14 February than we would ever consider paying for that same product on any other day of the year?

The answer lies in dynamic pricing, one of the various go-to-market pricing structures we can use for our professional services.

## What is dynamic pricing?

As its name suggests, 'dynamic pricing' is a pricing structure adjusted to real-time circumstances around the demand for a particular service or product.

Today is Valentine's Day There is a demand for roses There is a limited supply of roses = Roses are going to be expensive!

## Options to implement dynamic pricing

### Surge pricing

Peak demand should equal peak pricing!

This is known as 'surge pricing' (made famous by Uber and our Utilities providers during heatwaves when we need our aircon units on 24/7).

'Surge pricing' aims to maximise profit on demand.

## Special occasion revenue

Make the most out of a special date or situation by charging a premium during that period.

Examples include Christmas, Easter, Chinese New Year, Halloween – and yes, Valentine's Day!

Don't believe me? On what day can you buy hot cross buns from supermarkets in Australia? [Hint: It has 26 in it!]

## So why should professional services firms adopt dynamic pricing?

Simply put, the answer is competitive advantage!

Understanding how, when, what, and who, and where certain events will create demand actually gives you a competitive advantage.

Being aware that your services are likely to be in more demand at certain times of the year or due to certain circumstances should provide you with the opportunity to charge higher premiums during those periods without alienating your customers.

So, from a client relationship experience perspective, it's critical you evaluate whether your Valentine's Day surge pricing aligns with your long-term business strategy.

And, if you think you need to mitigate the negative aspects of adopting surge pricing, then we at GSJ would strongly suggest you communicate transparently and early with customers around why you are adopting this approach.

After all, customers are very unlikely to be happy with paying you \$3.50 for a coffee today, when that coffee may cost them \$7.00 at the same time tomorrow.

But those same clients should have empathy and understanding if they need an answer to a question that means they need to jump the queue!

Feel free to get in touch with the team at GSJ if you want to have a discussion about what pricing mechanisms you should be using in your law firm and how you can maximise the profits from your practice.