# The State of B2B
# Pricing Power

2025 INSIGHTS AND 2026 OPPORTUNITIES

HOLDEN ADVISORS

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2025 has been a year of mild chaos. Tariffs shifted quickly, AI flooded industries with ankle-biter competitors, and boards demanded cost cutting and new levels of efficiency. For CEOs, it has been a long stress-test in adaptability.

Changes in pricing and go-to-market are never easy, even when leaders know it's the right move. Price changes are nerve-wracking, renewals are getting harder to defend, and sellers are caught between customer pushback and leadership demands: Can we automate things? Can we do it faster, cheaper, more efficiently?

But a lot of opportunities have also emerged. Throughout the year, Holden Advisors spoke with CEOs and C-level revenue leaders across industries about the pressures and opportunities they're facing. This report highlights where pricing power is eroding—and how to rebuild it.

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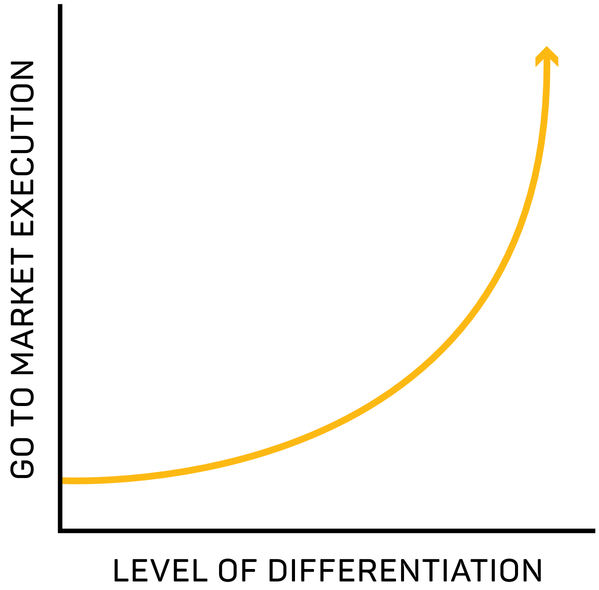
# Top Three Market Factors Impacting Pricing Power

Pricing power is not just about raising prices without losing customers. To earn that right, companies need to be growing their differential value over time. Every business eventually hits a wall where customers push back… unless they're clearly accruing more value from your products than they can from the next best alternative. Both things need to be moving in tandem to maintain price-value alignment and "go get" the prices that were set.

The key questions for every CEO: How are our customers growing revenue, decreasing costs, or mitigating risk from our solutions compared to their other options?

That has always been a moving target, but this year it got tougher. The explosion of cheap (or free) AI tools gave buyers more options, drove price points lower, and reinforced the mindset that everything can be done faster, cheaper, and easier. It's created a squeeze where margins are under attack, sellers are under pressure, and traditional levers for defending price are no longer holding.




Framework for understanding and building pricing power

Today, true pricing power depends on two things:

1. **Your ability to create differential value** and
2. **The commercial team's ability to capture that value in the market**

Without both, even the best product risks being treated as a commodity.

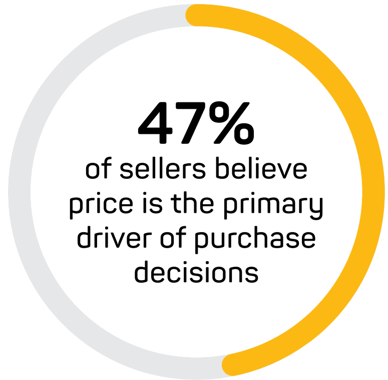
# 1

## THE DIFFERENTIATION CRISIS CAUSED BY AI

For buyers, much of this year was spent experimenting in the flood of new AI tools. For every established SaaS product, countless competitors seemed to show up in its place that were more niche, more automated, and with more AI promise—at a fraction of the price. Companies became more likely to diversify spend across many smaller investments rather than all-in enterprise purchases. Another squeeze!

As a seller, companies with traditional multi-year contracts are facing more challenges with renewals. It's harder to defend legacy pricing and packaging when markets are flooded with promises of cheap alternatives, and procurement teams are saying, "Why should we keep paying you 10x more when cheaper tools do the same thing?" Value is getting diluted, and so is perceived differentiation and pricing power.

The reality is: development effort that previously took six months can now be done in minutes. It's changed buyer psychology. Even if your solution is differentiated, the perception that "AI can do it faster and cheaper" pushes many buyers into a commodity mindset. While poker-playing tactics have been around for a long time, it's easier for sales teams to start to believe them in these situations.




This creates two challenges for CEOs and CROs:

1. **Negotiation traps:** buyers use commodity arguments to play good cop/bad cop, delay until end of quarter, or demand irrational discounts. Without tools to call the bluff, sellers concede margin they didn't need to give.

2. **Diluted value:** Even strong differentiation can get lost if it isn't quantified and communicated. AI buzzword washing has convinced buyers that every product has the same features, making it harder for sales teams to negotiate with backbone.

The playing field is uneven—and we see it repeatedly in our research with commercial teams. Nearly half of sellers (47%) believe price is the primary driver of purchase decisions, which is why that lever gets pulled more often, fueling poker playing behavior and keeping negotiations focused on a dollar amount.

2

## TARIFF VOLATILITY

Tariff changes forced companies to rethink how and where they pass costs through the value chain. Some leaders used volatility as top cover for blanket price increases, only to face backlash later. It's common, but messy and time-consuming to clean up. It erodes trust, triggers discount demands and other poker playing behavior, and leaves sales teams defending prices they can't explain.

Others absorbed costs through layoffs, shifts in inventory, renegotiated contracts, or efficiency plays. The initial 30-day tariff scramble showed just how unprepared many companies were for fast-moving volatility. Those who succeeded did so by relying on creativity, transparency, and collaboration to balance cost recovery with customer partnership.

Now that the dust has settled, leaders can ask sharper questions:

- Which customers are ideal for co-creating with, and which accounts will always push for concessions?
- Where can technology or AI help offset inefficiencies, so margins aren't entirely dependent on passing through costs?
- Do we need to bring prices down in certain areas to preserve trust and volume?

## The lesson: execution discipline matters.

Those with cost-plus pricing models often had a simpler path for passing through costs, unless they got stuck in commodity mindsets with buyers. Companies who treated tariffs as an opportunity for more transparent conversations—sharing cost pressure, co-creating efficiencies, or introducing Give-Gets—were able to protect partnerships while still defending margins.

# 3

## CEO PRESSURE TO CHANGE THE BUSINESS MODEL

Boards and private equity investors are tightening the screws on executive teams. "Are you using AI?" "Can we cut headcount?" "Why is marketing still a 50-person team?" The demand for innovation and relevance is colliding head-on with hype and cost pressure.

Some leaders jumped into action to automate processes, cut teams, or launch new offerings. Others got stuck in analysis paralysis as they weighed the options and risks of dynamics at play.

"It's difficult to take what is an overwhelming problem and narrow it down to something that is digestible. We have a large segment of portfolio that just has not pursued a pricing strategy. CEOs see perceived risk with AI, perceived risk with economic conditions, and they get into analysis paralysis."

**PARTNER, PRIVATE EQUITY FIRM**

The impact is changing product roadmaps and even ideal customer profiles. Lightweight AI-enabled tools are getting purchased directly by users and bypassing procurement or IT, shifting buying centers. This can open up new total addressable markets (TAMs), but it also forces CEOs to rethink sales strategies and bet big on models that are good in theory but may fail without clean execution.

For many companies, there are a lot of hands in the cookie jar—and some know just enough to be dangerous. CEOs need to be able to make a change and trust that the change is going to be make it out of the slide deck and executed effectively by the commercial team.

## Top Five Levers for Improving Pricing Power

Executives often think of pricing power as a single lever: the ability to raise prices without losing customers. In reality, price alone is rarely enough to close and keep a customer. Pricing power is built and maintained over time by increasing differential value. If customers don't experience that value or if sellers can't articulate it, negotiations quickly collapse into cost-based debates where the only choice left is discounting.

Companies that succeeded this year didn't just price differently, they sold differently too. Clients who invested in their "go get" capabilities—things like negotiation skills, value communication, and account discipline—were able to find 27% additional revenue on average. They gave commercial teams the tools to defend value, segment customers by profitability, and align offerings to the outcomes that mattered most to their customers. When price is a fair reflection of differential value, it becomes a natural byproduct of trust and execution and not just a constant battle of justification.

Below are five levers that can help CEOs build pricing power in the year ahead.

# 1

### UNDERSTAND YOUR QUALITY OF REVENUE

Some businesses treat all customers the same—but are they really the same? Do they all get the same value from the same mix of products? Some customers are loyal, diversified, and profitable. Others drain company resources and drive sellers into undisciplined discounting.

When 20% of your customers drive 80% of your revenue, you want to intimately understand that 20% and how they accrue value from your offerings. This can look like segmenting and scoring customers to help understand the best places to focus for growth and expansion.

Some possible scoring categories:

- Expected customer lifetime value
- Current profitability
- Product diversity / # of SKUs
- Purchase frequency

# Identifying the right accounts is critical.


Your best opportunities aren't spread evenly across your portfolio—they're concentrated in the top 20%. These are the customers to co-create with, to test new pricing metrics, and to increase stickiness through shared wins. Incentivize the behaviors you want, whether it's piloting a new offer, providing testimonials, or scaling adoption across business units. That's where value continues to grow on both sides.

The other 80% of customers need a different approach. Automate where possible across the long tail, and for unprofitable accounts, consider restructuring contracts or reevaluating the relationship altogether.

When we partnered with clients to run quality of revenue analyses this year, we found between $5-12 million in opportunity by identifying low-performing accounts and tackling high-discount deals. The biggest unlock came from building a choice architecture for those who didn't have it. It helps to reduce purchase friction—but it also provides unprofitable, low-scoring customers clear choices: pay more, change how you buy, or consider walking away from the relationship if another option doesn't seem viable.

The last part about choices is key! Ask yourself: How can we incentivize the right behavior to advance our relationship and co-create value together? Once you answer that, you can give sales precise tools to grow accounts profitably. Instead of a vague directive to go get another 10% of revenue, they have clarity and flexibility to grow their portfolio in a way that benefits their accounts more, too.

# 2

## MARKET LIFECYCLE PRICING

Product lifecycles are starting to collapse. What used to take decades can now play out in years. AI has flooded markets with new entrants while creating a Wild West of tools, platforms, and promises. We can't assume that old lifecycle mindsets and frameworks still hold—traditional problems are being solved in new ways, and many are sunsetting products because of the influx of new offerings.

But we're still early in the era of AI innovation.

Companies are evolving, consolidating, and trying to understand where they can make sales. Buyers are trying to figure out where they get value from. Amidst the chaos, everyone is trying to find a seat.

As businesses, we have to make it easy for people to experience value from our products. How do you make them stay with you through the market evolution? How do you keep a customer? How do customers get to value as quickly as possible?

For some companies, this can look like a necessary shift in core offerings. If your clients have a new problem set, you may find yourself at the end of the maturity curve and considering your next way to solve that problem. The goal is not just your own profitability, but how to keep that customer in the future.

**KEY QUESTIONS:**

- Why is this lifecycle ending?
- Is the new solution causing a new unmet need for our clients?
- Who are the ones that will still need our services?
- What can we do to make up this revenue gap? Do we get it from price improvement on other services, and/or introduction of new services, and/or enter new markets, and/or improving our productivity with existing services?
- What will be the future value drivers of each customer? What are their customers going to be facing 6 or 12 months from now?

## We are still in the beginning of a market lifecycle.

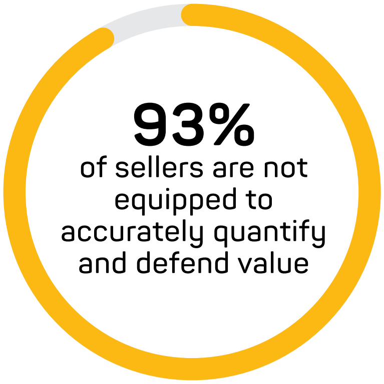
Of course it's chaotic. The lifecycle of your products got squeezed, but keep your eyes on the future value drivers of your top customers and how to keep them within your four walls as you work to retain and grow key accounts.

3

## IMPROVE VALUE COMMUNICATIONS

Recurring business is the lifeblood of most B2B companies. But sellers often walk into these conversations armed only with features and a laundry list of benefits a week before renewal. By then, customers have already mapped out a weak point in the relationship and planned to request a discount for the next contract.

You've seen this movie before. Teams get stuck negotiating against themselves instead of having productive and difficult conversations with customers that create change. Our assessments of commercial teams show that 93% of sellers are not equipped to accurately




quantify and defend value, and that gap leaves them vulnerable.

The most important thing is to build systems to track, measure, and share value continuously. Look to build simple scorecards that show revenue impact, cost savings, or risk reduction in terms that a CFO could skim and understand easily.

### EXAMPLE OF A VALUE SCORECARD FROM HEAVY EQUIPMENT MANUFACTURING INDUSTRY

| Value Driver | Solution | Priority | Primary stakeholder | Value Initiative | Annual Financial Impact |
|---|---|---|---|---|---|
| Operational Efficiency | Predictive IoT maintenance platform | | COO | Reduced machine downtime through predictive maintenance | **$500,000 in saved repair costs**<br>10 fewer maintenance events at $50,000 each |
| | Production scheduling software | | Plant Manager | Streamlined production line & increased throughput | **$2M in additional revenue**<br>50,000 units × $40/unit profit increase |
| Quality Improvement | Advanced defect detection | | Quality Control Director | Improved defect detection using advanced sensors | **$1.5M in reduced waste**<br>15 defect reductions × $10M production value |
| | New polymer formulation | | Head of Customer Service | Enhanced product durability through material innovation | **$750,000 in mitigated warranty claims**<br>500 fewer claims × $1,500 per claim |
| Energy Efficiency | Energy-efficient upgrades & monitoring | | CFO | Implemented energy-efficient equipment in facilities | **$600,000 in energy savings**<br>2M kWh saved × $0.30/kWh average rate |
| | Carbon tracking and compliance services | | Compliance officer | Reduced carbon footprint to comply with regulations | **Avoided $2M in potential fines**<br>10 compliance failures avoided × $200,000 fine |
| | | | | Total | **$7.35M annual financial impact** |

Price should be a fair reflection of measurable results, but the results need to be tracked and communicated ongoingly. When they're bluffing to get a lower price, make sure you have the facts to keep pricing fair.

> "We're quantifying value more than in the past to help justify investment. If we can show a one-page financial chart that the CEO, CFO, and PE board all understand, we can win. Without the revenue, you won't even have the opportunity to get more efficient."

**CRO,**
**PROFESSIONAL SERVICES**

Remember—commodities are a mindset, and we are always training our accounts on how to behave. Focus on building value and relationship buyers, and lean on Give-Gets to help align on where to remove value when they request a lower price.

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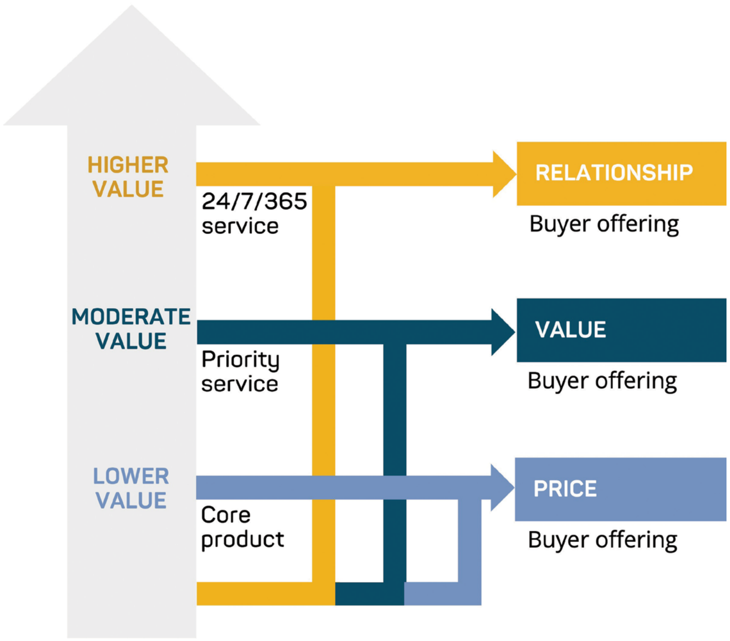
## BREAK AWAY FROM COST-PLUS ANCHORS

Cost plus pricing is popular for a reason. In a world where pricing can be confusing and complex, it helps keep your price logic simple to explain and defend—and when inputs change, your price changes too and margins stay predictable. But it can also keep you tethered to index pricing: “Steel prices went down, where’s my decrease?” That trap can reduce your business to a commodity, ignoring all the service, reliability, and expertise that sets you apart.

There are ways to break out of this trap, even if you need to stay with a cost-plus pricing strategy. Start by reframing how value is packed and defended. Instead of pricing per SKU, seat, or hour, companies are shifting towards outcome-based metrics (or hybrid models) that align with what the customer cares about. Try quoting a per-head onboarding package, bundling support and software into subscriptions, or introducing usage-based elements to help move the conversation towards business impact rather than line items. This will help modernize your pricing and make it stickier and harder to equate with a cheaper alternative—and even global leaders like Emerson have shown it’s possible to reimagine traditional models.

Differentiation also comes from the services surrounding the product. Think about priority access to scarce inventory, dedicated specialists, or flexible service tiers as additional value drivers (especially in volatile markets). When customers push for discounts, you can take these off the table instead of conceding margin. Then you have a genuine Give-Get dynamic that keeps trust intact while protecting profitability.



Finally, discipline matters. Cost-plus can trap companies into one-size-fits-all pricing, but not every order delivers the same value or incurs the same costs. A rules-based approach helps apply logic consistency, ensuring that rush orders, high touch service, or complicated fulfillment are priced appropriately. You don't need software to get started, just a clear framework that anchors pricing to value.

The point is to chip away at the mindset that you're not differentiated or offering a differentiated service. Start with one product line or customer segment and try introducing a bundle, testing an outcome-based metric, or price a premium service separately. Small steps can build confidence and move you towards a business relationship aligned with value—where you're providing the service where they need it most, and it's clear to customers and sellers exactly how your business is differentiated.

# 5

## BUILD A VALUE-BASED ORGANIZATION

True pricing power comes from building structures and a culture where every team understands how their work makes customers' outcomes better, and how those outcomes translate into revenue. Product, pricing, sales, and customer success need to be a closed loop system, where value is being tracked and understood across the organization.

The first step is having a deep understanding of client needs—which is table stakes for most teams but gets complicated in practice across an entire company. When you hear pushback in negotiations, where can you share that information? When a deal closes, does product get the notes on what worked so they can make the next evolution even better? Over time, this creates a living system that not only reacts but predicts where customers will look for value next.

You have to be able to listen and react to feedback without concerns about rocking the boat.

# Changes in value can also change some fundamentals.

We've had clients who noticed their customers accruing value in new ways and figured out that they needed to change how they monetized their services. In one example, a company saw their customers started making more money through signups on customer loyalty rather than transaction, which became a trigger to shift their price metric. When sharing information freely across functions, pricing can evolve in step with customer value, creating more revenue and stronger partnerships.

Transparency and flow of information allow companies to quickly adjust to new needs as they emerge, especially for large accounts when value drivers change frequently. Then products are updated as value drivers change, and you're actively co-creating the next evolution of your products while helping customers provide better services for their own customers. That's the essence of a value-based organization and the foundation for long-term pricing power, helping improve value creation across the board.

## Opportunities for B2B pricing power in 2026

AI will continue to reshape markets. Tariffs will keep shifting. Investors will keep asking the hard questions. But CEOs who view pricing as more than a math problem will always have an edge. The next wave will be messy—AI will spark consolidation, drive failures, and soak up billions from those chasing hype instead of true value. The leaders who win will be those who stay anchored in value and keep it at the center of how they price, sell, and grow.

It's still so early in the AI market lifecycle, and we know that AI enabled solutions will allow us to do bigger and better things than we can do now. We're going to see consolidation, and there will be failures and larger companies buying up smaller companies at scale. We'll see misdirection of resources and plenty of wasted dollars chasing hype instead of value.

# The future of pricing itself is also shifting.

Buyers' expectations are only growing—and we will soon see choices in how they pay, whether it's by user, seat, or through hybrid models that flex with their needs. For some companies, personalized payment options will be a source of differentiation in itself, where pricing is more closely aligned with customer outcomes and helping to create stickier relationships.

The path forward is clear: those who adjust their value drivers and offerings to prove how they grow revenue, cut costs, or reduce risk for customers will set the pace for their industries.

For leaders willing to invest in value, the next chapter will look brighter than the last.

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