Pricing adoption among service firms: An empirical investigation in Austria, Germany, and Switzerland

By Steffen Müller*, Markus Beinert and Nina Heim

This study examines pricing adoption among service firms, addressing a gap in pricing research regarding pricing implementation and its contribution to firm success. Using data from companies in Austria, Germany, and Switzerland, we analyze differences between moderately servitized firms (MSFs) and highly servitized firms (HSFs) across key steps of the pricing process—price analysis, price strategy, price implementation, and price controlling—and test hypotheses related to factors influencing pricing adoption. Our results show that, for HSFs, top executive championing and price analysis are more critical than for MSFs, while cross-functional collaboration shows the opposite pattern. Pricing adoption significantly affects firm success for both groups, while innovativeness plays a moderating role only for MSFs. These findings highlight the need for differentiated pricing approaches tailored to the distinct challenges of MSFs versus HSFs.

1. Introduction

Pricing is often described as the only element of the marketing mix that generates revenue for firms. While numerous models and theories provide guidance on how firms *should* set prices, relatively little empirical research examines how they *make* pricing decisions and manage pricing processes (Smith 2021). Traditionally, pricing has been treated as a 'black box', assuming such decisions entail minimal costs and are implemented without friction (Totzek & Alavi 2010). In practice, however, pricing is a complex activity that involves both strategic considerations and operational challenges. It spans multiple organizational units and requires cross-functional coordination (Dutta et al. 2003; Liozu & Hinterhuber 2013b).

Rather than a single event, pricing is a continuous and dynamic process comprising a series of interdependent decisions that rely on the systematic collection and dissemination of data on costs, competitors, and customers. As such, it engages multiple internal stakeholders—including finance, marketing, operations, and sales—as well as external actors (Smith 2016; Carricano et al. 2010). The objective is to ensure that pricing decisions are both consistent and well-informed, despite limited organizational resources. This perspective positions pricing as a cross-functional and market-oriented information-processing activity (Schmutz et al. 2020) in which coordination and information management are essential (Homburg et al. 2012; Sharma et al. 2025).

In academic research, pricing implementation has been examined through three theoretical frameworks: organizational structure approaches, processual approaches, and capability-based approaches.

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Organizational structure approaches focus on the formalization of pricing processes, addressing issues such as decision rules and the degree of centralization (e.g., Burkert et al. 2017). These studies build on marketing literature that investigates the role of marketing within firms and how it is internally organized (e.g., McAlister et al. 2023; Moorman & Day 2016). Drawing on the "strategic fit" paradigm (e.g., Venkatraman 1989), this research also investigates contingency factors (e.g., Roll & Geerties 2025) and explores archetypes of pricing organizations adapted to specific contexts (e.g., Smith 1995; Smith 2006).

Processual approaches conceptualize pricing as a sequence of interlinked activities. These studies also address organizational issues, but from a procedural or activity-based perspective. Some are purely descriptive (e.g., Hwang et al. 2011), while others incorporate frameworks from project management or total quality management (TQM) to propose optimization models (e.g., Sodhi & Sodhi 2008; Meehan et al. 2011).

Capability-based approaches examine how firms build pricing as a strategic capability. Rooted in the marketing capabilities literature, this stream highlights how firms develop and deploy pricing practices that create and capture value (Day 2011). Pricing is increasingly viewed as a source of competitive advantage, especially when it enhances both profitability and market responsiveness (Dutta et al., 2003; Vorhies & Morgan 2005). However, capability development remains understudied, with research ranging from in-depth case studies (e.g., Carricano et al., 2010) to multi-construct field studies (e.g., Liozu 2021). Despite growing interest, many firms continue to manage pricing informally and reactively, lacking structured decision-making frameworks. Formalization—defined as the implementation of standardized rules, roles, and procedures—has been identified as a key enabler for capability development (Macdivitt 2014). Yet, due to pricing's inherently cross-functional nature, improvement initiatives often face resistance and organizational friction. Many such efforts fail to gain sustained momentum (Holweg 2018), underscoring the importance of top management support in building and maintaining pricing capabilities (Nagle et al. 2023). Capability-based approaches therefore also use the term pricing adoption. They have examined pricing as well-structured decision-making processes in companies (Liozu 2021).

Although previous research has provided valuable insights into the complexity of pricing implementation, there is broad consensus that further investigation is needed to better understand the relationship between pricing strategy and its execution (Rao & Kartono 2010; Smith 2021). This paper addresses these challenges by focusing on pricing adoption among service firms. While several conceptual contributions have explored the distinctive characteristics of pricing in service industries (e.g., Shoemaker & Mattila 2010; Shugan 2014), detailed empirical evidence on how service firms manage pricing remains scarce.

To address this gap, the present study empirically examines pricing adoption among service firms by building on and extending Liozu's (2021) pricing adoption model. Specifically, we compare pricing adoption between moderately servitized firms (MSFs) and highly servitized firms (HSFs). Although the distinction between products and services has become increasingly blurred—and will likely continue to evolve (Vargo & Lusch 2004)—this study aims to uncover the specific implementation challenges faced by MSFs relative to HSFs (see Figure 1).

We define servitized firms as those deriving more than 50% of their revenue from services. MSFs can be distinguished from HSFs by their offering structures: MSFs provide mixed hardware–service bundles with complex value propositions and operate in industries such as building and construction, energy and utilities, healthcare, information and communication, and logistics and transportation. Their offering structures influence the implementation of pricing processes, often leading to more decentralized pricing teams that must continuously coordinate requests for proposals from suppliers and integrate them into customer proposals.

In contrast, HSFs offer pure service bundles and are typically found in industries such as finance and insurance, real estate, and education. These industries often operate in regulated markets, and given their less complex value propositions, HSFs may be able to centralize pricing decisions—resulting in distinct pricing adoption modes compared to MSFs.

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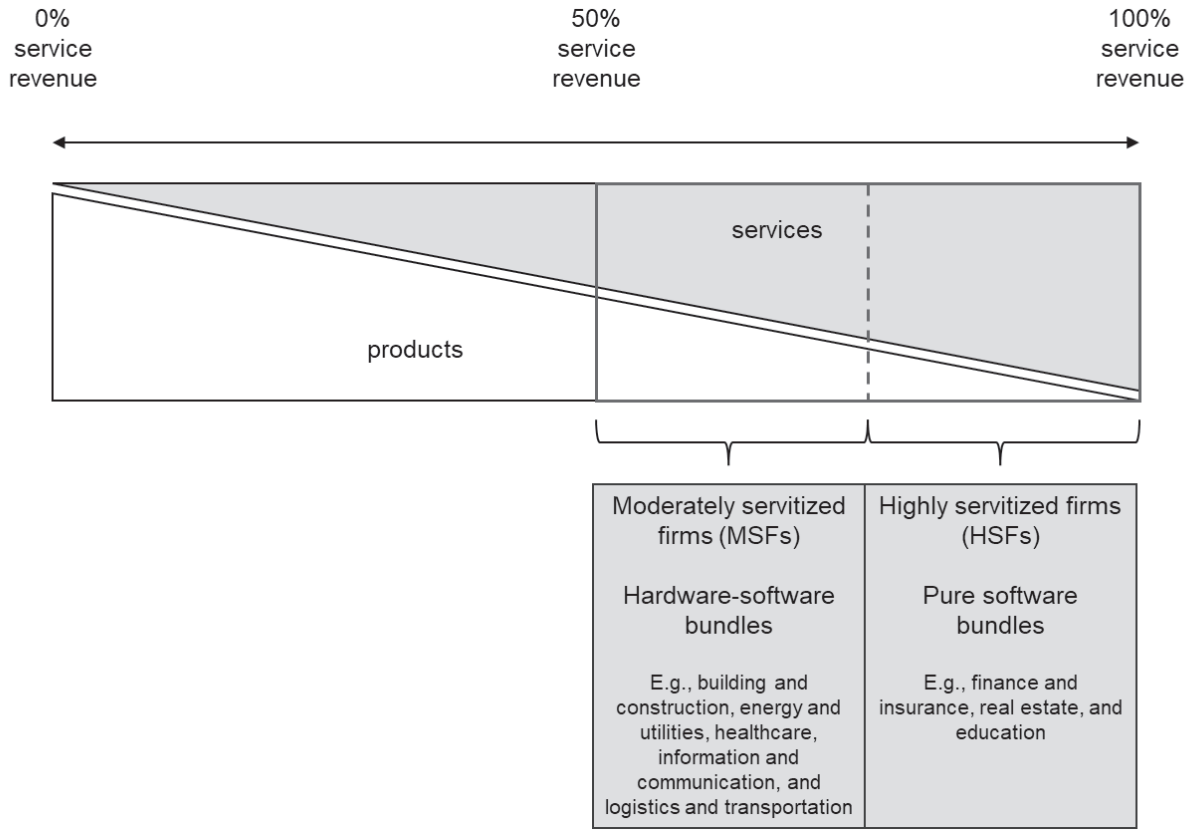

Figure 1: MSFs and HSFs

The structure of the paper is as follows. In the next section, we provide an overview of prior research on the pricing process and develop our research model, including the associated hypotheses. We then describe the measures, methods, and data used in the study. The results section presents the differences between MSFs and HSFs as well as the outcomes of the hypothesis tests. Finally, we conclude with a discussion of the findings and a research outlook.

2. Prior research on the pricing process and hypotheses development

2.1 Prior research on the pricing process

We begin our review of prior research by examining studies that conceptualize the pricing process. While different studies vary in terminology and level of detail, they converge on the understanding that pricing is a structured process with different steps that can be described as follows:

- Price analysis: This step involves gathering data on costs, competitors, and customers (e.g., customer value), and making sense of pricing information. Some authors frame price analysis as an overarching process that accompanies the other steps (e.g., Smith 2016).
- Price strategy: Several authors consistently emphasize the development of price strategies and the articulation of business and pricing objectives as a distinctive step in the pricing process (e.g., Vohra & Krishnamurthi 2012; Schmutz et al. 2020).
- Price setting: Activities in this step include defining initial prices, setting transaction-specific conditions, designing pricing programs, and defining policies for price variance. It represents the translation of price strategy into actionable decisions (e.g., Hwang et al. 2011; Ivens et al. 2016).
- Price implementation & controlling: This step focuses on both the internal and external enforcement of prices, supported by appropriate systems and tools. It also includes the controlling and monitoring of pricing decisions and is, similar to price analysis, sometimes conceptualized as an overarching process (e.g., Bonnemeier et al. 2010; Simonetto et al. 2012).

These stages provide a framework for understanding the routines, required competencies, and coordination mechanisms that support effective pricing. They also serve as a basis for identifying process inefficiencies and diagnosing causes when key pricing KPIs are not met over time (Schmutz et al., 2020). Furthermore, each step can be broken down into activities and work packages. These detailed descriptions can be linked to organi-

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zational roles—specifying, for example, who should be responsible, informed, or consulted (Meehan et al. 2011). Therefore, one can assume numerous interdependencies of pricing processes research on organizational structure approaches and capability-based approaches of pricing implementation.

Our research model (Figure 2) draws on constructs established in prior studies on pricing adoption and implementation (Liozu 2021). Given pricing's inherently market-facing nature, we focus on firm activities related to price analysis and price controlling—two critical steps of the pricing process. Other steps, such as price strategy and price setting, are excluded due to the high degree of heterogeneity between MSFs and HSFs, which makes integration into a unified framework impractical (Rao & Kartono 2010). Our model builds on contingency theory, which posits that the optimal organizational structures are contingent upon a firm's internal and external contextual factors, which has been used extensively in the marketing literature (e.g., Lee et al. 2015). Building on this foundation, our research investigates how different structural elements affect the effectiveness of pricing adoption, with a particular focus on differences between MSFs and HSFs.

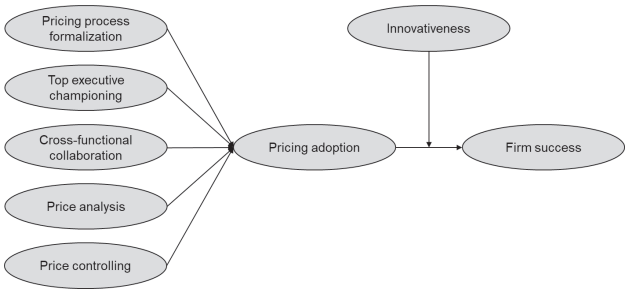

Figure 2: Conceptual model

Based on this framework, we develop hypotheses concerning the relationships among the identified constructs. Emphasis is placed on examining whether these relationships differ between MSFs and HSFs, thereby offering a comparative perspective on pricing adoption in both contexts.

2.2 Hypotheses development

2.2.1 Pricing process formalization

Formalization in organizational research refers to the extent to which rules, procedures, and decision-making processes are codified and standardized. It can manifest through structured job roles, formal rules, and codified behaviors (Burton et al. 2015). Formalization affects the distribution of control rights, work processes, and outcomes. It reduces ambiguity in decision-making and can enhance efficiency, particularly where tasks are repetitive. However, highly customized products/services may require more flexible, informal structures. Furthermore, formalization may on the one hand reduce conflict and improve coordination and socialization within teams but it might also reduce creativity (Andrews & Smith 1996). The effects of formalization have therefore been mixed in the marketing literature (Lee et al. 2015).

While formalization is a well-studied organizational dimension, its role in pricing still remains underresearched. Pricing processes in many companies are often informal and reactive, lacking structured decision-making (Nagle et al. 2023). However, formalization is crucial for effective pricing. It helps reduce inconsistency and internal conflict in pricing decisions. Empirical studies show that higher formalization positively impacts pricing performance, especially when applied to critical pricing decisions like setting prices, handling discounts, and gathering market intelligence (Burkert et al. 2017). Formalization is also often linked to systematic price planning and execution by means of pricing plans (Lancioni et al. 2005) and pricing routines (Ingenbleek, 2007; Zbaracki & Bergen, 2010). Pricing is a business activity inherently associated with substantial risk. To mitigate this, formalization can serve as a mechanism to reduce uncertainty and ensure consistency in decision-making. This is particularly relevant in contexts where numerous pricing decisions must be made—such as in firms with extensive product assortments or in direct sales environments that require frequent approval of rebates (Macdivitt 2014). Based on this, we posit a positive relationship between pricing formalization and the adoption of structured pricing practices.

However, the role of formalization may differ significantly in service companies. Research suggests that highly servitized organizations often rely more on cultural and climatic coordination mechanisms—such as shared norms and values—rather than on formal structures (Antioco et al. 2008; Harlacher & Reihlen 2014). Due to the inherent variability and lower standardization potential in services, formalization may be perceived as less effective. Supporting this view, Victer (2020) finds that in knowledge-intensive services, when concurrent and sequential connectivity is low, less formalized organizational structures can still effectively coordinate service processes. Further complicating the issue, generalizations about service pricing are difficult to establish. The complexity and multidimensionality of services, combined with diverse market structures and pricing objectives, lead to varied pricing strategies and practices (Indounas 2018; Taher & Basha 2006). In many service sectors—such as energy, insurance, banking, public transportation, and healthcare—pricing is subject to regulatory oversight (Avlonitis & Indounas 2007). These regulations often mandate specific pricing procedures, thereby reducing the need for internally driven formalization (Parodi 2014).

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For MSFs, formalization might help to streamline decision-making processes, where fluctuations in suppliers' prices might lead to more frequent price adaptations and pricing exceptions that have to be coordinated. For HSFs, we also suggest that formalization might help them to coordinate their pricing operations. Formalization might for them be a facilitator for the implementation of regulatory requirements into day-to-day pricing decisions. On the other hand, HSFs might more heavily rely on cultural and climatic coordination mechanisms. To facilitate ease of access, many highly servitized firms employ simplified pricing models such as bundles, tiered structures (e.g., good-better-best), or flat-rate pricing (Izaret & Sinha 2023; Read et al. 2019). These strategies typically result in less complex pricing processes and fewer exceptions, thereby diminishing the value added by formalization (Harkonen et al. 2017). We therefore hypothesize:

H1a (MSFs): Pricing process formalization has a positive effect on pricing adoption in MSFs.

H1b (HSFs): Pricing process formalization has a positive effect on pricing adoption in HSFs.

H1c (MSFs vs. HSFs): The effect is stronger for MSFs compared to HSFs.

2.2.2 Top executive championing

Top executive champions—often charismatic and transformational leaders—are key drivers of change. They articulate clear visions, demonstrate enthusiasm, and inspire others to follow (Nadler & Tushman, 1990). Several marketing studies have explored this relationship. For example, Wieseke et al. (2009) found that such leaders enhance employees' identification with the firm, which in turn improves financial performance. Drawing on social identity theory, the authors argue that leaders who strongly identify with their organization act in ways that promote their values and goals, serving as role models. These behaviors reinforce organizational norms and encourage followers to align their actions with the organization's identity. Building on cognitive assimilation research, Wieseke et al. (2009) contend that followers tend to adopt their leaders' attitudes and perspectives when they perceive themselves as part of the same meaningful group. This effect is driven by the human need for cognitive consistency and is especially pronounced in workplace contexts, where shared goals and strong group affiliation are common.

Boyd et al. (2010) argue that top marketing executives play critical informational, decisional, and relational roles. They help their teams identify market opportunities and threats, determine the appropriate level and type of investments in marketing activities, and manage relationships with both internal and external stakeholders. McAlister et al. (2023) emphasize that marketing's involvement in cross-functional and cross-hierarchical processes like pricing requires top management support. Top leaders act as promoters and catalysts of change (Witte 1973), and their backing is vital for the successful transformation of pricing organizations. Since pricing is a relatively new discipline and often lacks organizational visibility and prominence, change efforts frequently encounter resistance (Smith 2021). This is especially true for innovative approaches such as value-based pricing, which require strong top management sponsorship to enable organization-wide adoption (Liozu & Hinterhuber 2013a). As Anderson et al. (2007) note, such change demands that leadership instill a company-wide, value-oriented mindset. To secure middle management buy-in, it is essential to educate stakeholders about the importance of pricing initiatives and the value of advanced pricing techniques such as analytics and optimization. Companies may also need to provide pricing training to employees unfamiliar with these concepts to prepare them for new roles (Simonetto et al. 2012). Again, top management plays a crucial role by steering the scope and type of investments made in pricing capabilities. This might hold for MSFs. In the context of HSFs, cost-oriented information is often considered a less reliable basis for pricing decisions due to the intangible and variable nature of service delivery (Calabrese & De Francesco 2014). Instead, value-informed pricing methods may provide more valid and actionable guidance for setting prices in service environments (Taghizadeh et al. 2022). Given the shift toward value-based approaches, top management support becomes particularly critical in HSFs, where such novel pricing strategies are likely to be more heavily relied upon.

H2a (MSFs): Top executive championing has a positive effect on pricing adoption in MSFs.

H2b (HSFs): Top executive championing has a positive effect on pricing adoption in HSFs.

H2c (MSFs vs. HSFs): The effect is stronger for HSFs compared to MSFs.

2.2.3 Cross-functional cooperation

Cross-functional collaboration—particularly among finance, sales, marketing and pricing teams—is essential for successfully managing innovation and implementing pricing in firms. Unlike simple integration or coordination, true collaboration involves shared goals, mutual understanding, and informal cooperation (Homburg et al. 1999). Research highlights that effective collaboration improves internal dynamics and business performance and is especially critical in complex activities like pricing and customer-value quantification (Liozu 2021). A stronger cross-functional coordination is expected to positively impact pricing success by improving decision quality. Since pricing-relevant information is often spread across various departments—like sales and service teams

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collecting customer-specific data, R&D gathering competitive insights through benchmarking, and marketing analyzing market trends—better collaboration and information sharing can lead to more informed and higher-quality pricing decisions (Burkert et al. 2017). This might hold for MSFs and HSFs. We expect the effect of cross-functional cooperation to be stronger for MSFs than for HSFs, as in MSFs, managing price exceptions is often a routine activity involving large stakeholder groups (Smith 2016). In such contexts, cross-functional cooperation is likely to play a critical role in ensuring the efficiency and consistency of these recurring processes.

H3a (MSFs): Cross-functional cooperation has a positive effect on pricing adoption in MSFs.

H3b (HSFs): Cross-functional cooperation has a positive effect on pricing adoption in HSFs.

H3c (MSFs vs. HSFs): The effect is stronger for MSFs compared to HSFs.

2.2.4 Price analysis

As previously noted, the pricing process begins with the pricing analysis phase, during which market, competitor, and cost data are collected, shared, and examined to derive actionable insights. Much like price controlling, this stage forms the foundation for making informed pricing decisions. Key tools and sources of information at this stage include the monitoring and evaluation of competitor prices and strategies, analysis of transactional, historical and cost data, indirect and direct approaches to measure WTP, expert interviews, etc. (Davenport et al. 2012).

The goal of pricing analytics is to improve decision quality. Since firms often face uncertainty regarding the outcomes of pricing decisions, high-quality data on customer preferences, cost structures, and competitor behavior can significantly reduce this uncertainty. In particular, generating, sharing, and utilizing competitor-related insights allows firms to better anticipate and interpret competitive responses, leading to more effective and successful pricing decisions. Furthermore, a deeper understanding of competitor actions increases the likelihood of timely and appropriate strategic reactions (Totzek & Alavi 2010).

We therefore hypothesize a positive relationship between the intensive use of price analytics tools and pricing adoption. In the context of highly servitized firms, there is often a lack of price knowledge on the customer side, as customers have difficulties comparing different service providers with their unique and complex quality dimensions (Shoemaker & Mattila 2010). For such complex environments information beyond what is available or can be easily obtained may be needed to find optimal prices (Iyer et al. 2015). Value-informed pricing—which bases prices on the value a product or service delivers to customers (Ingenbleek 2007)—plays a vital role in service pricing, as cost information is often of limited relevance (Taghizadeh et al. 2022). We therefore hypothesize that price analysis, which involves a broad set of indicators, has a positive impact on pricing adoption for both MSFs and HSFs, with a stronger effect in the case of HSFs.

H4a (MSFs): The intensity of the price analysis process has a positive effect on pricing adoption in MSFs.

H4b (HSFs): The intensity of the price analysis process has a positive effect on pricing adoption in HSFs.

H4c (MSFs vs. HSFs): The effect is stronger for HSFs than MSFs.

2.2.5 Price controlling

Pricing is a complex endeavor. It is dependent on learning from the market, the intelligent use of cost data and on unforeseen events in the marketplace (Totzek & Alavi 2010). Pricing decisions are often hindered by information problems. Customer value is hard to assess due to limited data on willingness to pay and inaccurate competitor pricing information. Firms also struggle with choosing the right cost models, as full cost accounting often misrepresents marginal costs, especially with variable demand (Thrane et al. 2019). Additionally, how decision-makers process information—whether intuitively or rationally—affects outcomes. Intuition allows for speed but risks bias, while complex analysis can lead to errors in uncertain environments (Smith 1995). Pricing controlling as a subfield of corporate controlling therefore ensures the effectiveness and efficiency of decision-making in price management. It is focused on collecting and coordinating relevant information to ensure informed decision-making, it supports strategic and operational price planning, it monitors prices and related parameters through audits to assess goal achievement and offers advisory and coaching support (Ivens et al. 2016). Pricing controlling therefore plays a vital role in debiasing pricing decision making by offering tools and relevant information that focuses on the results of the pricing implementation in a firm (Bergers 2021). Such information is, among others, the calculation of demand functions and price elasticities, the controlling of sales activities, price promotions, customer profitability, etc. (Meehan et al. 2011; Baker et al. 2010).

Pricing strategy is not merely a sub-topic within marketing; rather, it represents a cross-functional, company-wide endeavor. As such, it is particularly susceptible to biases arising from differing knowledge structures across departments (Smith 2021). This challenge is especially pronounced in service organizations, where various departments operate from distinct knowledge bases, yet not all possess the full range of information necessary to make optimal pricing decisions (Doolan 2015).

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A notable source of departmental tension in services lies at the interface between marketing and operations. Capacity management poses a significant challenge, as service providers must continually align service capacity with fluctuating demand. To address this, marketing processes must account for service delivery constraints and demand variability, using pricing as a strategic tool to balance both (Dixon et al. 2014). We therefore hypothesize that price controlling has a positive impact on pricing adoption for both MSFs and HSFs, with a stronger effect in the case of HSFs compared to MSFs.

H5a (MSFs): Price controlling has a positive effect on pricing adoption in MSFs.

H5b (HSFs): Price controlling has a positive effect on pricing adoption in HSFs.

H5c (MSFs vs. HSFs): The effect is stronger for HSFs than MSFs.

2.2.6 Pricing adoption

Capability-based approaches examine the strategic impact of superior pricing implementations within firms or value chains. Marketing capabilities enable firms to perform activities that create unique customer value or help appropriate value from the marketplace (Day 2011). Given the complex nature of pricing implementation and its potential to enhance both profitability and market effectiveness, pricing has been investigated as a potential source of competitive advantage and as a strategic capability of the firm (Dutta, et al. 2003; Vorhies & Morgan 2005). In this line, we build the hypotheses:

H6a (MSFs): Pricing adoption has a positive effect on firm performance in MSFs.

H6b (HSFs): Pricing adoption has a positive effect on firm performance in HSFs.

H6c (MSFs vs. HSFs): The effect is the same for MSFs and HSFs.

2.2.7 Innovativeness

The innovativeness of a firm can be defined as its capability to continuously develop financially successful products and services that stand out from existing market offerings (Sammerl et al. 2008). While pricing and innovativeness are both critical business dimensions, their interrelation has not been extensively explored. One perspective focuses on innovation in pricing itself, which refers to instances where firms apply novel strategies, tactics, or processes to their pricing practices (Hinterhuber & Liozu 2014). Smith (2012) describes this as an emergent pricing approach, wherein firms experiment with new pricing models to discover market opportunities and gain a competitive edge.

Another perspective considers how innovative firms, by consistently introducing new products and services, generate superior customer value and enhance their market differentiation. Pricing plays a pivotal role in this context by enabling firms to capture the value they create. Pricing helps them to capitalize on this advantage and determines how they can extract value based on their competitive position. Companies that succeed in both creating value and appropriating value from the market are more likely to achieve superior business performance (Mizik & Jacobson, 2003). This effect may apply equally to both MSFs and HSFs. In the case of MSFs the moderating effect of innovativeness on company performance might be higher as such firms sell bundles with complex hardware and service components. For such offerings numerous innovative pricing schemes have been invented in recent years (e.g., Stoppel & Roth 2017). This gives firms greater flexibility in pricing, which in turn helps them to appropriate the value created in a better way. We expect the moderating effect of innovativeness on firm performance to be greater for MSFs compared to HSFs.

H7a (MSFs): Innovativeness positively moderates the effect of pricing adoption on firm performance in MSFs.

H7b (HSFs): Innovativeness positively moderates the effect of pricing adoption on firm performance in HSFs.

H7c (MSFs vs. HSFs): The effect is stronger for MSFs than HSFs.

3. Measurement and methods

Depending on the nature of the construct, we used either reflective or formative scales. Pricing process formalization was measured using the original nine-item formative scale from Liozu (2021). Top executive championing and cross-functional collaboration were assessed using adapted scales from Liozu (2021), consisting of five and two items, respectively. Price analysis and price controlling were measured with formative scales, capturing typical sources of information, methods, and data types. The price analysis construct comprises ten items, while the price controlling construct comprises twelve. Pricing adoption was assessed using a three-item reflective scale adapted from Liozu (2021). Finally, innovativeness and firm success were measured using reflective scales developed by Sammerl et al. (2008) with six items and five items, respectively. Cronbach's alpha ranges from 0.79 to 0.92, exceeding the recommended threshold of 0.70 for all reflective scales. A full list of scales and items is provided in appendix 1.

We applied multiple statistical methods to analyze the data. Differences between MSFs and HSFs were examined using chi-square tests for non-metric variables and t-tests for independent samples for metric variables. To test

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our hypotheses, we conducted two separate regression analyses. The first regression model tested hypotheses H1 to H5, with pricing adoption as the dependent variable. The second regression model addressed hypotheses H6 to H7, using firm success as the dependent variable.

4. Data

We collected data in Austria, Germany, and Switzerland via Bilendi, an online access panel, from 21 November to 21 December 2022. Bilendi provides access to B2C and B2B panelists, making it suitable for our study. To identify service firms, we considered two approaches: (1) sector-based classification (i.e., categorizing firms in sectors G-S according to WZ 2008 [1] as service firms), and (2) revenue-based classification (i.e., categorizing firms with at least 50% service revenue as service firms). We adopted the second approach, as servitization has become prevalent across most industries. A prominent example is IBM's transformation from a product firm to a service firm (IBM & KSRI 2021). Specifically, respondents reported service revenue and product revenue—both as percentage of total revenue. Firms with at least 50% service revenue were included in our sample, which consists of n=240 service firms.

Furthermore, we used a screening question to ensure that all respondents were involved in strategic pricing decisions or operational pricing processes. 57.1% of the respondents were responsible for strategic pricing decisions, 25.0% held an advisory role, and 17.9% were involved in operational pricing processes. Table 1 shows the role of the respondents in their firms.

Table 1: Role of the respondents

Role	N	%
CEO / owner	24	10.0
Member of the managing board	31	12.9
Head of business area	36	15.0
Product manager	32	13.3
Marketing manager	11	4.6
Finance manager	38	15.8
Sales manager	42	17.5
Pricing manager	10	4.2
Other	16	6.7
Total	240	100.0

We did not consider firms with less than 50 employees to ensure a minimum level of organization structure. 37.5% of the service firms in our sample have 50 to 249 employees, 25.0% have 250 to 500 employees, and 37.5% have more than 500 employees. Table 2 provides an overview of the industries covered.

Table 2: Industries [2][3]

Industry	N	Total (%)
Arts, entertainment and recreation	7	2.9
Automotive	8	3.3
Biotechnology and chemicals	5	2.1
Building & construction	13	5.4
Education	13	5.4
Energy & utilities	7	2.9
Finance & insurance	64	26.7
Healthcare	22	9.2
Hospitality	9	3.8
Information & communication	18	7.5
Logistics & transportation	16	6.7
Other service activities	21	8.8
Real estate	5	2.1
Retail	11	4.6
Other	21	8.8
Total	240	100.0

To differentiate between moderately servitized firms (MSFs) and highly servitized firms (HSFs), we conducted a median split. The median for service revenue was 80.5%. We therefore categorized firms with a service revenue of 50% to 80% as MSFs (n=120) and firms with a service revenue of 81% to 100% as HSFs (n=120).

In 33.4% of all firms, at least one full-time equivalent (FTE) is dedicated to pricing in a defined pricing function. This share is higher for MSFs (38.4%) than for HSFs (28.4%) (X^2=15.389, df=4, p=0.004). When a pricing function exists, it is typically located in finance (32.7%), marketing & sales (25.7%), controlling (21.7%), or a staff unit at business unit level (19.9%). There is no significant difference between MSFs and HSFs (X^2=2.063, df=4, p=0.724). In terms of the number of list prices, MSFs and HSFs differ. Most MSFs (42.5%) report having 101-1000 list prices, while the majority of HSFs (46.7%) fall within the 11-100 range (X^2=14.761, df=4, p=0.005).

5. Results

5.1 Results related to the pricing process

The perceived relevance of pricing activities as a profit driver differs between MSFs and HSFs. On a scale from

1 WZ 2008 is the classification of sectors according to the Statistisches Bundesamt in Germany. Sectors G-S are classified as "service sector".
2 Industries with less than 5 respondents are shown as "other".
3 Due to rounding, percentages do not sum to exactly 100%.

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1 to 6, MSFs rate the relevance at 4.48, while HSFs rate it at 4.08 (t=2.936, df=238, p=0.004). Similarly, there is a significant difference in the intensity of pricing activities between the two groups. MSFs rate the intensity at 4.46, while HSFs rate it at 4.08 (t=2.874, df=238, p=0.004). Both MSFs (4.44) and HSFs (4.16) agree that there is potential for optimizing pricing activities, with no significant difference between the groups (t=1.912, df=238, p=0.057). Table 3 illustrates different levers for improving pricing activities as perceived by MSFs and HSFs.

Table 3: Levers for improving pricing activities [4]

Lever	Total (%)	MSFs (%)	HSFs (%)	p value
More time resources	38.3	43.8	32.7	0.091
More decisiveness	36.0	34.8	37.3	0.704
Additional training	33.3	33.0	33.6	0.924
More empowerment	32.0	34.8	29.1	0.360
More financial resources	30.6	36.6	24.5	0.051
Raising internal awareness	28.4	34.8	21.8	0.032
Top management support	25.2	25.9	24.5	0.817
Hiring new employees	22.5	33.9	10.9	0.001
External support	19.8	27.7	11.8	0.003
Different organization	14.9	17.0	12.7	0.375

The three most frequently mentioned levers for improving pricing activities across both MSFs and HSFs are: more time resources (38.3%), more decisiveness (36.0%), and additional training (33.3%). Significant differences between MSFs and HSFs emerge for four levers. MSFs place greater emphasis on more financial resources (36.6% vs. 24.5%), raising internal awareness (34.8% vs. 21.8%), hiring new employees (33.9% vs. 10.9%), and external support (27.1% vs. 11.8%).

5.1.1 Results related to price analysis

Price analysis typically represents the initial step in the pricing process. As shown in Figure 3, both MSFs and HSFs rely on cost calculations (4.04 vs. 4.14). Competitor analyses (3.87 vs. 3.60) and historical data (3.84 vs. 3.52) are also used frequently by both groups, although significant differences exist. For direct (3.66 vs. 2.60) and indirect surveys to measure willingness to pay (3.41 vs. 2.48) as well as for auctions and lotteries (2.97 vs. 1.78), the differences between MSFs and HSFs are the largest. Overall, MSFs appear more advanced in price analysis than HSFs.

To capture the intensity of price analysis, we constructed an aggregate index from 0 (none of the methods in Figure 3 are used) to 100 (all ten methods in Figure 3 are always used). The aggregate measure is 66.05 for MSFs and 47.68 for HSFs (t=6.830, df=201, p<0.001).

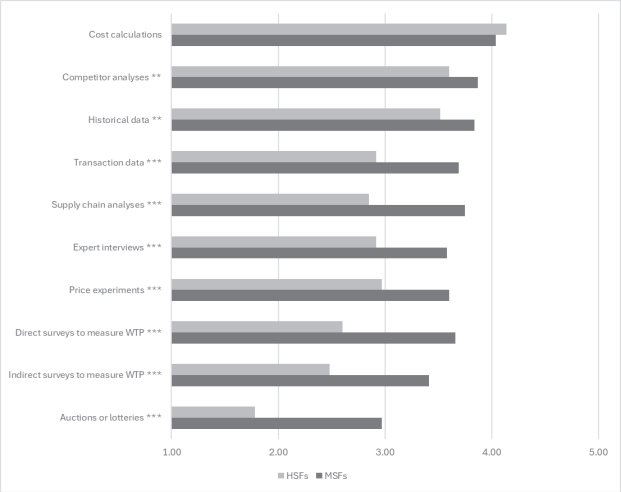

Figure 3: Data and methods used for price analysis [5]
** p<0.10 ** p<0.05, *** p<0.01*

5.1.2 Results related to price strategy

In terms of price positioning (low, medium, high), there is no significant difference between MSFs and HSFs (X^2=0.070, df=2, p=0.966). Most MSFs position themselves in the medium (72.0%) or high-price segment (18.6%). Similarly, most HSFs also report a medium (72.0%) or high-price (19.5%) positioning.

5.1.3 Results related to price implementation

To understand differences in price-setting approaches, we asked respondents to allocate 100% across three mechanisms: cost-based pricing, competitor-based pricing, and value-based pricing. As shown in Figure 4, cost-based pricing is the dominant mechanism in both MSFs and HSFs. However, HSFs (43.6%) rely more heavily on cost-based pricing than MSFs (38.3%), while the differences for competitor-based pricing and value-based pricing are not significant. Although MSFs use direct and indirect surveys to measure willingness to pay more frequently than HSFs (see Figure 3), they apparently do not emphasize value-based pricing more strongly.

However, a high share of both MSFs and HSFs are planning or have started implementing value-based pricing (χ^2=12.037, df=4, p=0.017). Specifically, 39.7% of MSFs and 24.8% of HSFs plan to adopt value-based pricing, while 14.7% of MSFs and 9.2% of HSFs have already initiated implementation. Only a minority—6.0% of MSFs and

4 Significant differences (chi-square test) are highlighted in grey.
5 Scale from 1 (never) to 5 (always).

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16.5% of HSFs—see no need to transition toward value-based pricing.

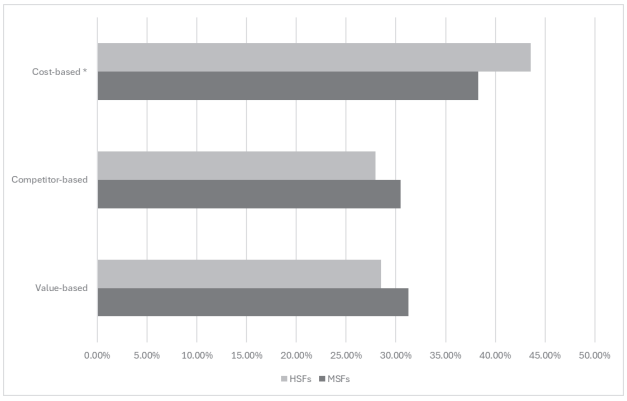

Figure 4: Price-setting approaches
** p<0.10 ** p<0.05, *** p<0.01*

Regarding the frequency of price adaptations, there is a significant difference between MSFs and HSFs (χ^2=17.207, df=8, p=0.028). HSFs adapt prices less frequently than MSFs, as shown in Table 4.

Table 4: Frequency of price adaptations

Frequency	Total (%)	MSFs (%)	HSFs (%)
Daily	2.9	3.3	2.5
Weekly	8.3	10.8	5.8
Monthly	17.1	19.2	15.0
Quarterly	25.8	28.3	23.3
Yearly	22.5	15.8	29.2
Less than yearly	7.5	3.3	11.7
Other	0.8	0.8	0.8
Project-based	15.0	18.3	11.7

5.1.4 Results related to price controlling

Figure 5 illustrates the KPIs used for price controlling. While the top two KPIs—monitoring of price development and monitoring of price trends—are similarly used by MSFs and HSFs, there are significant differences for three KPIs. All three KPIs are used less frequently by HSFs:

- Controlling of price promotions;
- Calculation of demand functions;
- Monitoring of share-of-wallet.

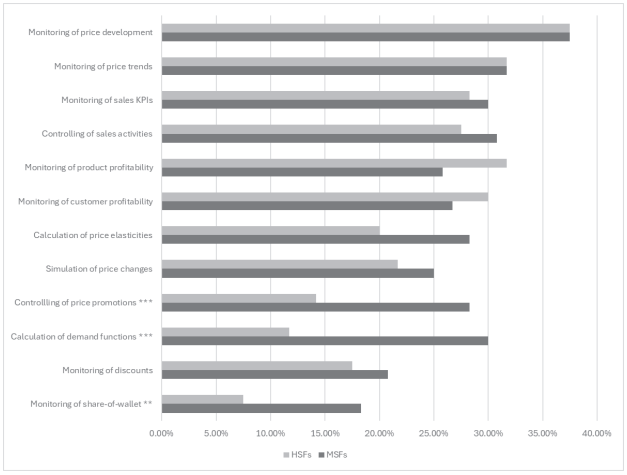

Figure 5: KPIs used for price controlling
** p<0.10 ** p<0.05, *** p<0.01*

As for price analysis, we calculated an aggregate index from 0 (none of the KPIs shown in Figure 5 are used) to 100 (all twelve KPIs shown in Figure 5 are used). It is 27.78 for MSFs and 23.26 for HSFs (t=2.225, df=238, p=0.027). The difference does not stem from the fact that pricing software is used differently by MSFs (12.1%) and HSFs (7.3%) (χ^2=1.345, df=1, p=0.246).

5.2 Results related to pricing adoption and firm success

To test hypotheses H1-H5, we estimated a regression model with pricing adoption as the dependent variable and five independent variables:

- Pricing process formalization,
- Top executive championing,
- Cross-functional collaboration,
- Price analysis,
- Price controlling.

As described above, Liozu (2021) employed a similar model that included pricing process formalization, top executive championing, cross-functional collaboration, and organizational alignment as independent variables. We chose to exclude organizational alignment to focus more specifically on the pricing process. Instead, we incorporated price analysis and price controlling to capture pricing process comprehensiveness. We argue that price strategy and price implementation are more closely related to pricing process formalization, whereas price analysis and price controlling reflect pricing process comprehensiveness.

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Table 5: Regression analysis with pricing adoption as dependent variable [6]

Effect	Total sample	MSFs	HSFs	z-value
Pricing process formalization → pricing adoption				
Beta coefficient	-0.017	-0.006	-0.022	0.164
(p value)	(0.718)	(0.919)	(0.779)	(0.870)
90% confidence interval	-0.098; 0.063	-0.102; 0.090	-0.150; 0.106	
Top executive championing → pricing adoption				
Beta coefficient	0.456	0.392	0.513	-1.106
(p value)	(<0.001)	(<0.001)	(<0.001)	(0.269)
90% confidence interval	0.364; 0.548	0.279; 0.505	0.371; 0.655	
Cross-functional collaboration → pricing adoption				
Beta coefficient	0.218	0.369	0.112	2.453
(p value)	(<0.001)	(<0.001)	(0.169)	(0.014)
90% confidence interval	0.129; 0.306	0.258; 0.489	-0.022; 0.246	
Price analysis → pricing adoption				
Beta coefficient	0.270	0.163	0.354	-2.063
(p value)	(<0.001)	(0.006)	(<0.001)	(0.039)
90% confidence interval	0.199; 0.342	0.067; 0.260	0.235; 0.474	
Price controlling → pricing adoption				
Beta coefficient	0.081	0.061	0.124	-0.642
(p value)	(0.096)	(0.327)	(0.105)	(0.521)
90% confidence interval	0.001; 0.162	-0.042; 0.164	-0.002; 0.250	

Table 5 presents the results of the regression model for the total sample, as well as for MSFs and HSFs. The explained variance (R^2) for the total sample is 67.7% (F=97.440, p<0.001); for MSFs 77.0% (F=74.963, p<0.001); and for HSFs 59.3% (F=33.273, p<0.001). The analysis reveals that top executive championing is the strongest driver of pricing adoption, with significant effects in the total sample (β=0.456, p < 0.001), as well as among MSFs (β=0.392, p < 0.001) and HSFs (β=0.513, p < 0.001). Cross-functional collaboration, price analysis and price controlling also emerge as significant drivers of pricing adoption, although their impact varies between MSFs and HSFs. Specifically, a z-test reveals that cross-functional collaboration has a stronger effect among MSFs (β=0.369, p < 0.001) than HSFs (β=0.112, p=0.169), while price analysis has a stronger effect among HSFs (β=0.354, p < 0.001) than MSFs (β=0.163, p=0.006). Price controlling shows a marginally significant effect only in the total sample (β=0.081, p=0.096). Finally, pricing process formalization does not significantly predict pricing adoption in any group.

We additionally conducted a regression analysis with firm success as dependent variable and pricing adoption and the interaction between pricing adoption and innovativeness as independent variables. Table 6 summarizes the results. The explained variance (R^2) for the total sample is 28.4% (F=47.074, p<0.001); for MSFs 49.7% (F=57.709, p<0.001); and for HSFs 11.9% (F=7.910, p<0.001). Pricing adoption has a significant effect on firm success for both MSFs and HSFs (total sample: β=0.518, p < 0.001; MSFs: β=0.667, p < 0.001; HSFs: β=0.355, p < 0.001). The interaction term, however, has a significant effect on firm success for MSFs, but not for HSFs (total sample: β=0.108, p=0.018; MSFs: β=0.128, p=0.023; HSFs: β=0.048, p=0.499).

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Table 6: Regression analysis with firm success as dependent variable [7]

Effect	Total sample	MSFs	HSFs	z-value
Pricing adoption → firm success				
Beta coefficient	0.518	0.667	0.355	2.783
(p value)	(<0.001)	(<0.001)	(<0.001)	(0.005)
90% confidence interval	0.427; 0.608	0.555; 0.778	0.207; 0.504	
Interaction pricing adoption and innovativeness → firm success				
Beta coefficient	0.108	0.128	0.048	0.886
(p value)	(0.018)	(0.023)	(0.499)	(0.376)
90% confidence interval	0.033; 0.183	0.036; 0.220	-0.070; 0.166	

6. Discussion and research outlook

Our study examines how organizational factors—specifically, pricing process formalization, top executive championing, cross-functional collaboration, and the use of a broad set of tools in price analysis and price controlling—contribute to pricing adoption and firm performance in both MSFs and HSFs. To the best of our knowledge, this is the first study to compare the relevance of these factors across these two types of firms. We highlight the key findings, discuss managerial implications, and provide a research outlook, while acknowledging the limitations of our study. Table 7 summarizes the results for H1 to H7. To compare MSFs with HSFs, we calculated z-values (see Table 5 and Table 6).

First, we find no significant relationship between pricing process formalization and pricing adoption. While pricing process formalization is typically considered essential for developing pricing capabilities and routines, our findings suggest that servitized firms may rely more heavily on informal coordination mechanisms—such as shared norms and values—than on structured processes (e.g., Antioco et al. 2008; Harlacher & Reihlen 2014). Building on Victer (2020), future research could investigate the connectivity of pricing knowledge within servitized firms and explore how cultural elements influence pricing adoption.

Second, our findings reveal a strong and significant relationship between top executive championing and pricing adoption, with a more pronounced effect in HSFs. This suggests that executives play a more pivotal role in these firms, likely due to the greater investment required to build pricing capabilities—such as training and skill development. Moreover, HSFs often operate with entrenched legacy IT systems, especially in booking and CRM processes. Introducing pricing innovations in such environments may require substantial organizational change, making executive sponsorship especially critical. Future research should explore the specific challenges of implementing change processes in HSFs, with a focus on legacy systems and the enabling role of C-level leadership.

Third, we find a strong and significant relationship between cross-functional collaboration and pricing adoption in the case of MSFs, but not for HSFs. This may be attributed to the broader internal stakeholder base typically involved in pricing decisions in such firms (e.g., Smith, 2016). In contrast, many HSF industries—such as banking, energy, healthcare, insurance—are subject to strict regulatory controls (Avlonitis & Indounas 2007), which can lead to the centralization of pricing authority and fewer departments involved in pricing decisions. Further research could investigate how regulatory environments influence cross-functional collaboration in the pricing process, especially in HSFs.

6 Significant effects are highlighted in grey.
7 Significant effects are highlighted in grey.

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Table 7: Overview of hypotheses and results

Effect	MSFs	HSFs	MSFs vs. HSFs
Pricing process formalization → pricing adoption	H1a: positive Result: not supported	H1b: positive Result: not supported	H1c: stronger Result: not supported
Top executive championing → pricing adoption	H2a: positive Result: supported	H2b: positive Result: supported	H2c: weaker Result: not supported
Cross-functional collaboration → pricing adoption	H3a: positive Result: supported	H3b: positive Result: not supported	H3c: stronger Result: supported
Price analysis → pricing adoption	H4a: positive Result: supported	H4b: positive Result: supported	H4c: weaker Result: supported
Price controlling → pricing adoption	H5a: positive Result: not supported	H5b: positive Result: not supported	H5c: weaker Result: not supported
Pricing adoption → firm success	H6a: positive Result: supported	H6b: positive Result: supported	H6c: same Result: not supported
Interaction pricing adoption and innovativeness → firm success	H7a: positive Result: supported	H7b: positive Result: not supported	H7c: same Result: supported

Fourth, a broad and diverse set of tools in price analysis has a significant effect on pricing adoption, with a stronger effect observed in HSFs. This likely reflects the reduced relevance of cost-based pricing for HSFs. Due to limited access to data, HSFs often rely on a range of indicators and hypothesis-driven experiments to inform pricing decisions. These findings underscore the importance of a robust set of tools in pricing analytics in servitized firms.

Fifth, the use of a broad and diverse set of tools in price controlling is not significantly associated with pricing adoption for MSFs and HSFs. This finding is astonishing, as customer value is often co-created in servitized firms, requiring firms to assess both monetary and non-monetary customer contributions (e.g., Read et al. 2019). Future research could examine how pricing knowledge is generated and managed in servitized firms, and how these firms measure customer value to support their pricing decisions.

Sixth, we find a positive relationship between pricing adoption and firm success. The effect is higher for MSFs than for HSFs. This also is surprising, as we would have expected the effect to be the same for both. Successful pricing adoption is therefore not the important driver

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for firm success in the context of HSFs. One explanation would be the higher regulated market environment in these industries. Further research could investigate the lesser contribution of pricing implementation in HSFs.

This relationship between pricing adoption and firm success is significantly moderated by innovativeness in MSFs, but not in HSFs. One possible explanation is that many HSFs are increasingly integrating pricing innovations into their offerings, prompting them to experiment with novel pricing schemes (e.g., Stoppel & Roth 2017)—actively testing, learning, and adapting. This aligns with the broader view that firm success depends not only on value creation but also on effective value appropriation (Mizik & Jacobson 2003). MSFs with high innovativeness may be better at aligning these two processes.

In contrast, the absence of a moderating effect in HSFs is surprising. A potential explanation may lie in the characteristics of services—e.g., intangibility and variability—which make pricing more complex and less transparent. Customers often perceive service purchases as riskier. Future studies could explore why innovativeness does not strengthen the link between pricing adoption and firm performance in HSFs. Such studies might examine whether structural or perceptual barriers—e.g., difficulties in communicating service value or higher perceived risks—constrain the ability of innovative HSFs to appropriate value through pricing.

Our study has several limitations. First, we used the self-reported share of service revenue to separate MSFs from HSFs. The two groups are still heterogeneous, operating in diverse contexts and industries. Further research could investigate a more homogeneous sample of servitized firms.

Second, we used a self-reported measure for firm success. Measures of firm success as reported in annual reports (e.g., EBIT margins) would reduce the common method bias in our study.

Third, we did not consider pricing maturity of the firms in our sample. Success factors might be different for those that are early vs. late adopters of pricing processes. Further research could therefore consider different contingency factors, e.g., pricing maturity, direct vs. indirect sales, number of customers, degree of internationalization, etc.

Fourth, pricing practices are increasingly shaped by digitalization and emerging technologies. As our study captures a single point in time, it may not fully reflect how these developments influence pricing adoption over time.

Appendix 1: Scales

(1) Process formalization

Which of the following aspects are present in your company?

- A pricing center of excellence.
- A communicated corporate pricing vision.
- A communicated corporate pricing strategy.
- Formal corporate pricing goals and targets.
- Published pricing rules and internal guidelines.
- A special pricing approval process.
- Formal pricing reviews with key performance indicators.
- Training programs specific to pricing.
- Special planning meeting for pricing (budgets, forecast, etc.).

Nominal scale, formative.

Source: Liozu (2021).

(2) Top executive championing

Please indicate the extent to which you agree with the following statements. Top executive management representatives …

- … express strong conviction about the importance of pricing.
- … express confidence in what pricing can do.
- … knock down barriers and obstacles to pricing implementations.
- … get the right people involved in pricing discussions.
- … get key decision makers involved in the pricing process.

Interval scale from 1 (strongly disagree) to 6 (strongly agree), reflective.

Cronbach's alpha: 0.904. Eigenvalue: 3.611 (72.2% explained variance).

Source: Adapted from Liozu (2021).

(3) Cross-functional collaboration

Please indicate the extent to which you agree with the following statements.

- Cross-functional teamwork is a common way of working within sales, marketing and pricing.
- Sales, marketing and pricing are committed to sharing their vision with each other.

Interval scale from 1 (strongly disagree) to 6 (strongly agree), reflective.

Cronbach's Alpha: 0.786. Eigenvalue: 1.649 (82.4% explained variance).

Source: Adapted from Liozu (2021).

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(4) Price analysis

How often do you use the following sources of information or methods to determine prices?

- Auctions or lotteries.
- Competitor analyses.
- Cost calculations.
- Direct surveys to measure WTP.
- Expert interviews.
- Historical data.
- Indirect surveys to measure WTP.
- Price experiments.
- Supply chain analyses.
- Transaction data.

Interval scale from 1 (never) to 5 (always), formative.

Source: self-developed scale.

(5) Price controlling

Which of the following data types does your company collect as part of price controlling?

- Calculation of demand functions.
- Calculation of price elasticities.
- Controlling of sales activities.
- Controlling of price promotions.
- Monitoring of customer profitability.
- Monitoring of discounts.
- Monitoring of price development.
- Monitoring of price trends.
- Monitoring of product profitability.
- Monitoring of sales KPIs.
- Monitoring of share-of-wallet.
- Simulation of price changes.

Nominal scale, formative.

Source: self-developed scale.

(6) Pricing adoption

Please indicate the extent to which you agree with the following statements.

- Pricing tools & systems are consistently used.
- The proficiency of price users increases continuously.
- Pricing is ingrained in our marketing & business culture.

Interval scale from 1 (strongly disagree) to 6 (strongly agree), reflective.

Cronbach's alpha: 0.874. Eigenvalue: 2.400 (80.0% explained variance).

Source: Adapted from Liozu (2021).

(7) Innovativeness

Please indicate the extent to which you agree with the following statements.

- Our company is characterized by a high willingness to change.
- Our company can be described as eager to experiment.
- Our management exemplifies innovative thinking and action.
- We are willing to take some risk in pursuing new ideas and innovations.
- A basic innovation-friendly attitude is anchored in our company.
- Idea bearers experience great motivation and support within our company.

Interval scale from 1 (not at all) to 6 (to a great extent), reflective.

Cronbach's alpha: 0.918. Eigenvalue: 4.263 (71.0% explained variance).

Source: Adapted from Sammerl et al. (2008).

(8) Firm success

Please indicate the extent to which you agree with the following statements.

- In the past 5 years, our company was among the most successful in its industry.
- Our EBIT (earnings before interest and taxes) has been above the industry average for at least 5 years.
- Our average return on sales over the past 5 years has been higher than that of our main competitors.
- In the past 5 years, our company had a higher market share than our main competitors.
- In the past 5 years, our company has been more successful overall compared with our main competitors.

Interval scale from 1 (strongly disagree) to 6 (strongly agree), reflective.

Cronbach's alpha: 0.885. Eigenvalue: 3.426 (68.5% explained variance).

Source: Adapted from Sammerl et al. (2008).

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Appendix 2: Correlations between constructs

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(1)	-							
(2)	.359 **	-						
(3)	.318 **	.706 **	-					
(4)	.282 **	.475 **	.409 **	-				
(5)	.619 **	.355 **	.337 **	.302 **	-			
(6)	.341 **	.759 **	-.671 **	.594 **	.386 **	-		
(7)	.203 **	.628 **	.574 **	.445 **	.249 **	.591 **	-	
(8)	.194 **	.509 **	.491 **	.323 **	.302 **	.517 **	.500 **	-

Appendix 3: Industry distribution

Industry	MSFs		HSFs	
	N	%	N	%
Arts, entertainment and recreation	3	42.9	4	57.1
Automotive	6	75.0	2	25.0
Biotechnology and chemicals	5	100.0	0	0.0
Building & construction	8	61.5	5	38.5
Education	7	53.8	6	46.2
Energy & utilities	5	71.4	2	28.6
Finance & insurance	23	35.9	41	64.1
Healthcare	13	59.1	9	40.9
Hospitality	5	55.6	4	44.4
Information & communication	13	72.2	5	27.8
Logistics & transportation	10	62.5	6	37.5
Other service activities	7	33.3	14	66.7
Real estate	0	0.0	5	100.0
Retail	6	54.5	5	45.5
Other	27	69.2	12	30.8
Total	120	50.0	120	50.0

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