

Customer-centric pricing strategies in the era of inflation and economic volatility.

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Introduction

Customer-centric pricing strategies have gained unprecedented importance in the era of inflation and economic volatility. As global markets face rising costs, supply chain disruptions, fluctuating demand, and changing consumer expectations, businesses are challenged to balance profitability with customer satisfaction. Traditional pricing models that rely heavily on cost-plus or competitor-based approaches are proving insufficient in an environment where consumer trust, perceived value, and sensitivity to price are constantly in flux. A customer-centric approach to pricing—where strategies are informed by deep insights into consumer behavior, preferences, and willingness to pay—offers a path forward for businesses striving to remain competitive and retain customer loyalty [1].

In times of inflation, input costs such as raw materials, labor, energy, and logistics escalate. For many companies, these cost increases put pressure on margins and prompt the need to adjust prices. However, arbitrary or steep price hikes can backfire, leading to customer churn, brand damage, and reduced sales volume. A customer-centric pricing strategy takes into account not only cost pressures but also the customer's perceived value of the product or service. This approach ensures that pricing decisions are informed by market sentiment, customer expectations, and competitive context. The goal is to implement pricing changes in a way that is transparent, justifiable, and aligned with what customers are willing to accept [2].

Understanding customer segments and their specific price sensitivities is essential. Not all customers respond to inflation in the same way. While some may continue spending on premium goods, others might downshift to budget options. Businesses that segment their markets based on behavioral and attitudinal data can tailor their pricing accordingly. For example, offering value packs, subscriptions, or loyalty discounts to price-sensitive segments can help preserve customer relationships. At the same time, premium customers might be offered enhanced features or exclusive services that justify higher prices. This nuanced pricing model respects the financial realities of different customer groups while protecting brand equity and revenue streams [3].

Psychological pricing plays a crucial role in customer-centric strategies during volatile economic periods. Consumers often

make purchasing decisions based not solely on the actual price but on how the price is presented and the perceived value it represents. Ending prices in .99, using tiered pricing structures, or framing prices relative to a higher-priced option can significantly influence buying behavior. In inflationary environments, psychological pricing can help soften the impact of necessary price increases. Additionally, emphasizing the quality, durability, or unique benefits of a product helps reinforce the value proposition, encouraging customers to see the purchase as worthwhile despite higher costs [4].

Transparency and communication are also key components of effective pricing during economic volatility. Customers are more likely to accept price increases when they understand the reasons behind them. Open communication about supply chain issues, increased material costs, or efforts to maintain product quality helps build trust and empathy. Companies that frame price changes within a narrative of mutual hardship and resilience are more likely to maintain customer loyalty. Transparency also fosters a sense of fairness, which is critical in environments where customers are already stressed by broader economic pressures [5].

Technology and data analytics have transformed the ability of businesses to implement dynamic and personalized pricing strategies. Real-time data on customer behavior, competitor pricing, and market trends allows companies to adjust prices quickly and intelligently. E-commerce platforms, in particular, have embraced dynamic pricing models that respond to supply and demand shifts. However, customer-centric dynamic pricing must be deployed carefully to avoid perceptions of unfairness or price gouging. The use of algorithms and artificial intelligence should be guided by ethical considerations and a clear understanding of customer expectations. When done right, personalized pricing can enhance customer experience by offering targeted promotions, tailored discounts, and loyalty rewards that feel customized and valuable [6].

Promotions and discounting strategies also require careful consideration in a customer-centric pricing model. While discounts can drive short-term sales, over-reliance on promotions can erode brand value and create price dependency. In an inflationary context, selective and strategic discounting is more effective. Time-limited offers, member-only discounts, or bundling promotions can create urgency and perceived value without undermining long-term pricing integrity. Importantly, businesses should monitor the

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effectiveness of promotions through customer feedback and sales analytics to ensure they are achieving desired outcomes without compromising margins [7].

Subscription-based pricing models have gained traction as a way to provide predictable revenue for businesses and consistent value for customers. In volatile economies, subscriptions offer customers the benefit of stability and perceived savings. For businesses, subscriptions can help smooth revenue cycles and build deeper customer relationships. However, the success of this model hinges on delivering continuous value and maintaining flexibility. Customers must feel they are receiving more than what they pay for, and the ability to pause, cancel, or modify subscriptions enhances trust and satisfaction [8].

Value-based pricing is another cornerstone of customer-centric strategies. This approach sets prices based on the perceived value to the customer rather than solely on production costs or competitor pricing. Value-based pricing requires a deep understanding of what customers truly value in a product or service—be it quality, convenience, status, or emotional satisfaction. By aligning price with value perception, businesses can charge more for products that deliver differentiated benefits while still retaining customer satisfaction. Surveys, focus groups, and behavioral data can be used to gauge willingness to pay and refine offerings accordingly [9].

Inflation often drives shifts in consumer priorities and spending behavior. Customers may become more focused on essentials, seek greater utility from their purchases, or prioritize ethical and sustainable products. Businesses must stay attuned to these evolving preferences and adjust pricing and messaging to resonate with current sentiments. For example, brands that highlight durability, local sourcing, or social impact may be able to justify higher prices even during tough economic times. Aligning pricing with broader value narratives helps customers feel good about their purchases, supporting both brand loyalty and price acceptance [10].

Conclusion

In conclusion, customer-centric pricing strategies are essential in navigating the challenges of inflation and economic volatility. By placing the customer at the center of pricing decisions, businesses can maintain trust, protect brand value, and support long-term profitability. Strategies such as segmentation, value-based pricing, transparent

communication, and personalized offers help align prices with consumer expectations and financial realities. Technology and data analytics enhance the ability to respond dynamically to market changes while maintaining a human-centered approach. Ultimately, customer-centric pricing is not just about setting the right price—it is about understanding what customers value, how they think, and how they feel, and then crafting pricing strategies that resonate with those insights. In an uncertain economic climate, this approach offers the best chance for sustainable success and enduring customer relationships.

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