

WILEY FINANCE

# THE PRICE ADVANTAGE

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## The Monarch Battery Case

Throughout this book, you have read in-depth discussions of a number of specific pricing topics. We have covered the three levels of price management in considerable detail, showing the approaches and tools at each level and demonstrating their application with targeted cases. We have also devoted chapters to a number of special pricing topics, including new product pricing and postmerger pricing, as well as topics that apply more generally to most businesses trying to create the price advantage, such as the legal issues and driving price change.

In this chapter, we will share a more comprehensive pricing case study that cuts broadly across many of the topics covered thus far, bringing many of our pricing fundamentals together and illustrating how these fundamentals worked in concert in a real-life pricing situation.

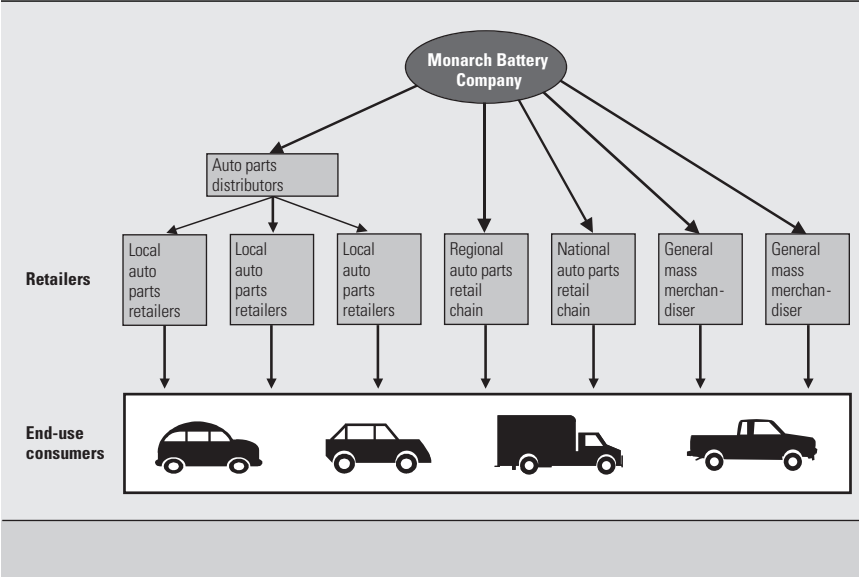
### **THE MONARCH BATTERY COMPANY**

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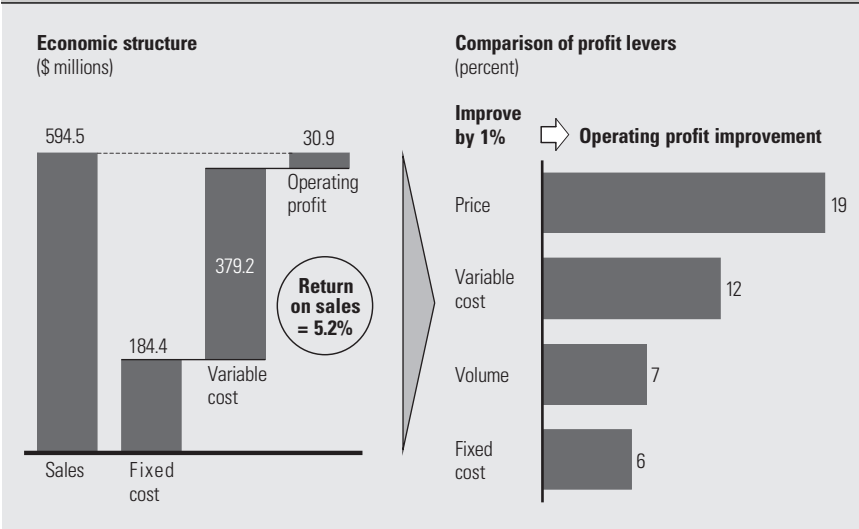
The Monarch Battery Company makes replacement lead-acid batteries used in automobiles. As Exhibit 14-1 shows, Monarch's direct customers are auto parts distributors (who resell to smaller auto parts retailers), regional and national auto parts retail chains, and several national general mass merchandisers who have automotive departments within their stores. These various retailers and mass merchandisers then sell Monarch batteries directly to car owners.

Exhibit 14-2 shows Monarch's economics and profit structure. With an ROS of 5.2 percent, Monarch's profitability is extremely sensitive to even small swings in price. A 1 percent increase in price with no volume loss would increase operating profit by 19 percent. As this figure also shows, that is almost three times the impact of a 1 percent increase in volume, assuming no decrease in average price levels. So, as is usually the case, the payoff for Monarch for improved price performance would be enormous.

**Exhibit 14-1** Monarch Battery Company: Customers



**Exhibit 14-2** Monarch Battery Company: Economics



Despite successful cost-cutting programs across the entire Monarch organization, including efforts in manufacturing, distribution, sales, and administration, Monarch's operating profits had declined 50 percent over a period of five years. With a cost structure that was already lean and better than the competition, Monarch had limited room to cut costs further. Unfortunately, the cost improvements it had achieved were more than offset by a steady drop in the average prices that Monarch received from its customers. Monarch managers finally realized that they would be unable to return Monarch to acceptable levels of bottom-line profitability without improving their performance in pricing. Monarch senior managers decided to tackle pricing head-on and to look vigorously across all three levels of price management for opportunities.

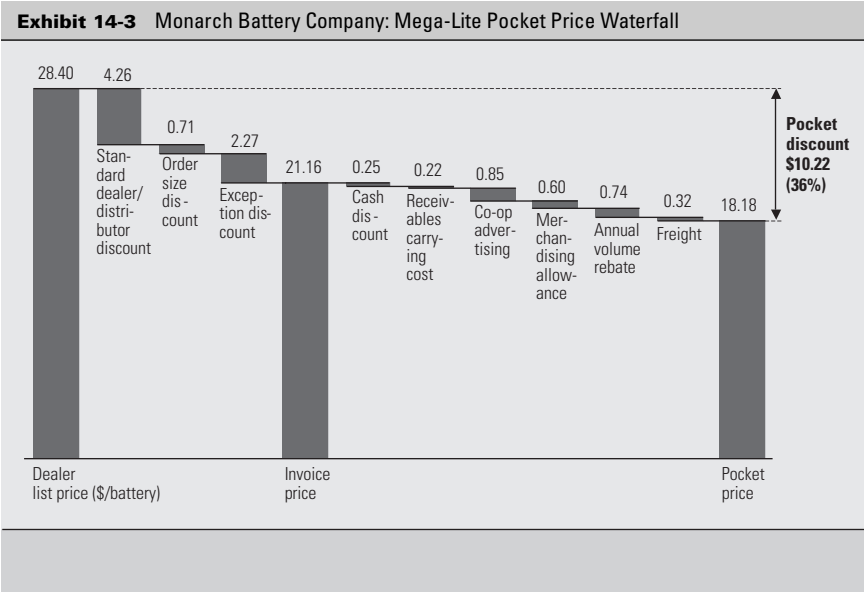
We will go through each of the three levels, starting with the transaction level, to show how Monarch identified potential sources of price improvement. We will follow this with a description of the integrated set of actions Monarch took at each level to capture the identified pricing opportunities.

## **TRANSACTION**

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Transaction complexity at Monarch was relatively high, given the variety of Monarch's customer base and a price structure whose components had grown in number and size over the years. Exhibit 14-3 shows the typical pocket price waterfall for one of Monarch's common battery models, the Mega-Lite. From a dealer list price of \$28.40, Monarch deducted several discounts to get to invoice price. There was a standard retailer/distributor discount that differed by account type and averaged \$4.26 per battery. Monarch also provided an order size discount that could reach 5 percent, depending on the total dollar value of an order. On average, it was 71 cents per battery, 2.5 percent of list price. Additionally, many transactions included an on-invoice exception discount, negotiated on a customer-by-customer basis to meet the competition in each account. With these discounts, the average invoice price for the Mega-Lite model was \$21.16. What little attention Monarch paid to transaction pricing was targeted almost exclusively on the invoice price.

That focus by Monarch management ignored all of the discounting and revenue leaks occurring off-invoice. Monarch allowed a cash discount of 1.2 percent for prompt payment of invoices. Additionally, Monarch granted extended payment terms of 60 or even 90 days from delivery as part of promotional programs and on an exception basis for select accounts. The extra cost of carrying these extended receivables averaged 22 cents per battery. Cooperative advertising, where Monarch contributed to the funding of Monarch products in its accounts' local and regional adver-



tising, cost an average of 85 cents. A special merchandising program that supported in-store promotions featuring Monarch products resulted in an average merchandising allowance discount of 60 cents. An annual volume rebate, based on total volume that an account purchases across all product lines, represented 74 cents in additional off-invoice discounting per battery. And finally, freight paid by Monarch for shipping batteries to the retailer cost an average of 32 cents.

The invoice price minus this host of off-invoice discounts, allowances, and costs resulted in an average pocket price of only \$18.18, a full 14 percent less than the invoice price. The pocket discount, which is the total revenue drop from dealer list price down to pocket price, averaged \$10.22, a 36 percent drop from dealer list price.

As is typical, not all transactions for the Mega-Lite had the identical pocket price. Accounts from different channels qualified for different standard dealer discount levels. Accounts ordered in different quantities, which resulted in variations in order-size discounts. And the on-invoice exception discounts were just that—exceptions negotiated on a one-off basis.

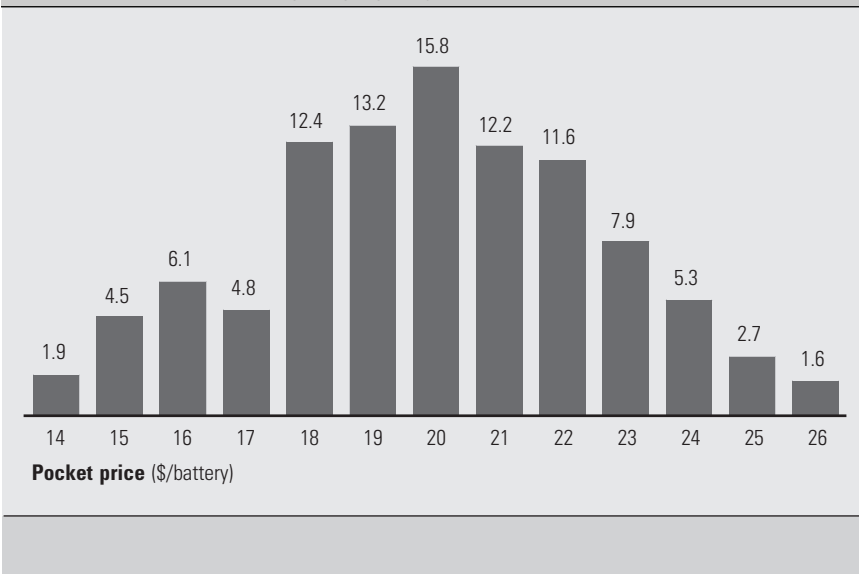
Further variability extended into the off-invoice items. Accounts paid invoices with varying levels of promptness, resulting in major differences in cash discounts and receivables carrying costs. Not all accounts used all of the cooperative advertising allowance available to them. The merchandising allowance was only paid to retailers who featured Monarch’s products

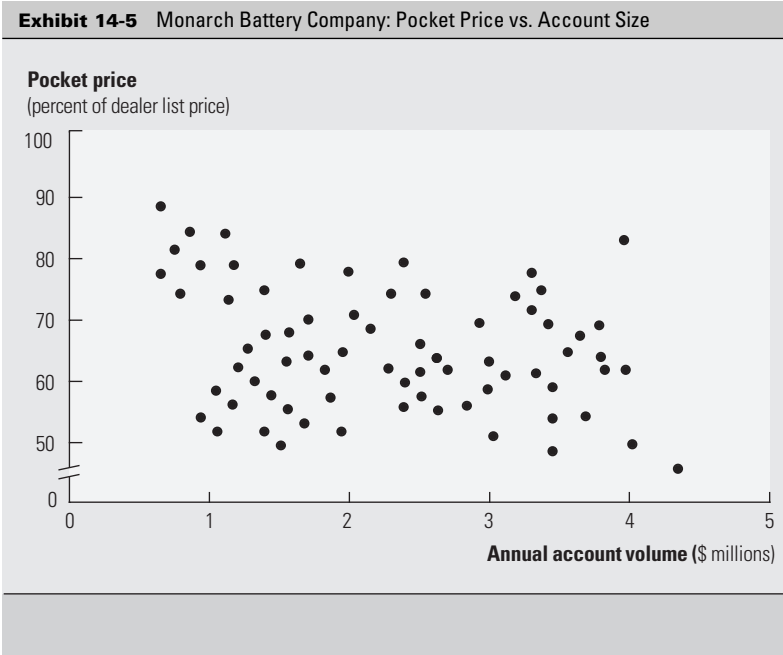
with special displays in their stores, and not all did. Account size, which varied greatly, drove the level of annual volume rebate, and freight paid by Monarch varied extensively based on retailer location and order pattern.

The result of all of these differences across on- and off-invoice discount elements was the wide pocket price band shown in Exhibit 14-4. While the average pocket price was more than \$18, units sold for as high as \$26 and as low as \$14 on a pocket price basis—an 86 percent difference from the lowest to the highest. This wide pocket price band triggered the usual transactional questions: What are the underlying drivers of the price band's shape and width? Does this pocket price variability make good management sense and align with Monarch's market strategy? Why are pocket prices so variable, and can that variability be managed?

To begin to answer a few of these questions, Monarch performed the analysis shown in Exhibit 14-5 to see if the wide price band was somehow explained by the volume of batteries that customers purchased. Each point on this chart represents an individual Monarch distributor or retail account. The horizontal axis shows annual dollar volume of sales through each account. The vertical axis shows pocket price as a percentage of dealer list price for Mega-Lite batteries sold to each account. It is clear from Exhibit 14-5 that there is no overall correlation between account

**Exhibit 14-4** Monarch Battery Company: Mega-Lite Pocket Price Band (Percent of Volume)





size and pocket discount. A number of relatively small accounts were receiving very low pocket prices (lower left on chart), while a number of larger accounts were buying at rather high pocket price levels (upper right on chart).

Further analyses were conducted to determine if there were other characteristics of accounts that might better explain the wide pocket price band. Variables tested included customer channel, geographical location, local competitive intensity, and other battery brands carried by each account. However, none of these variables helped much to explain the extreme width of the pocket price band. The apparent randomness of pocket price levels baffled Monarch managers, who had thought that they were quite careful about setting prices.

Further study showed this randomness had its roots in a transaction pricing process that actively managed only a portion of the pocket price waterfall and paid little attention to the ultimate pocket price level for each account. The standard dealer/distributor discount level was clearly defined and enforced. Order size was also well defined, but a number of “preferred accounts” were allowed to take the maximum order size discount on all orders, regardless of magnitude. Some general rules of thumb existed for the on-invoice exception discount (for instance, retail accounts with annual

purchases less than \$2 million should never receive an on-invoice exception discount of more than 5 percent), but these guidelines were neither clearly articulated nor carefully enforced.

The situation was even worse for off-invoice elements of the pocket price waterfall. Rules of thumb for these discounts were even less specific, and Monarch's information systems provided individuals in sales and marketing with no report on these items by individual transaction or even by account. This systems shortfall, of course, made it impossible for Monarch to pay any incentive to sales and marketing people for pocket price realization.

This assessment led Monarch senior management to recognize that its transaction pricing process was out of control, that decision making up and down the waterfall lacked unambiguous rules and discipline, and that no one was focusing on the end results of those decisions as represented by pocket price.

## **PRODUCT/MARKET STRATEGY**

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Monarch managers had for years been laboring under the assumption that the battery industry was becoming increasingly commoditized, making it ever more difficult for Monarch to distinguish its products from competitors. They assumed that price was the most critical factor driving consumer selection of battery brand, saw low-priced competitive offerings as real threats to their market share, and believed that any attempt to raise prices would result in a significant loss of volume and profit. Against this backdrop, they thought it was futile to invest in market research to understand better the Monarch value position in key markets and as a result had gone nearly a decade without conducting research on consumer value perception and price sensitivity. However, fundamental shifts in where consumers were choosing to purchase their replacement batteries, along with the merger of two of Monarch's smaller competitors, convinced managers that it was time to update their understanding of their current value position. To gain richer understanding at the product/market strategy level, Monarch conducted new consumer price research that exposed some eye-opening information.

The objective of this market research was to gain an up-to-date perspective on Monarch's current price/benefit positioning for major products and the likely impact of price changes at the retail level. They used discrete-choice analysis to simulate the customer battery buying experience and test the effect of changing price and other attributes on consumer brand and retailer choice.

The market research was conducted as follows. Researchers identified

a sample group of 1,200 people who had recently purchased Monarch or other battery brands and were willing to participate. The research began with a series of background questions about the respondents' demographics, vehicles, circumstances around their last battery purchase, and retailers they had considered. Based on these answers, each respondent was put in front of a computer screen, given a set of three discrete choices for buying a battery, and asked a series of questions (see box).

**DISCRETE CHOICE AT MONARCH**

Discrete-choice analysis is one of several advanced market research tools that can help a company look at the potential impact of price levels and benefit offerings across several market segments. Monarch used the analysis to get a clearer picture of its position on the market.

Exhibit 14-6 shows the nature of the choices that were presented to respondents. Choice attributes included where the respondent might shop, the brand of the battery available at that retailer, and features of the various batteries being offered. The price that the retailer charges for that battery was also included with each choice. This initial set of choices is designed to mirror the brands, features, and prices that the respondents would actually see if they were to shop at their

**Exhibit 14-6** Monarch Battery Company: Discrete-Choice Research

	<b>Choice 1</b>	<b>Choice 2</b>	<b>Choice 3</b>
Retailer	ABC Auto Parts	Auto King	Mass-Mart
Battery brand	Monarch	Everest	Qualco
Battery features			
• Cold cranking amps	700	700	650
• Warranty	60 months	60 months	48 months
• Nationwide replacements	Yes	Yes	No
Retail price	\$64.95	\$69.95	\$59.95

*(Continued)*

**DISCRETE CHOICE AT MONARCH (Continued)**

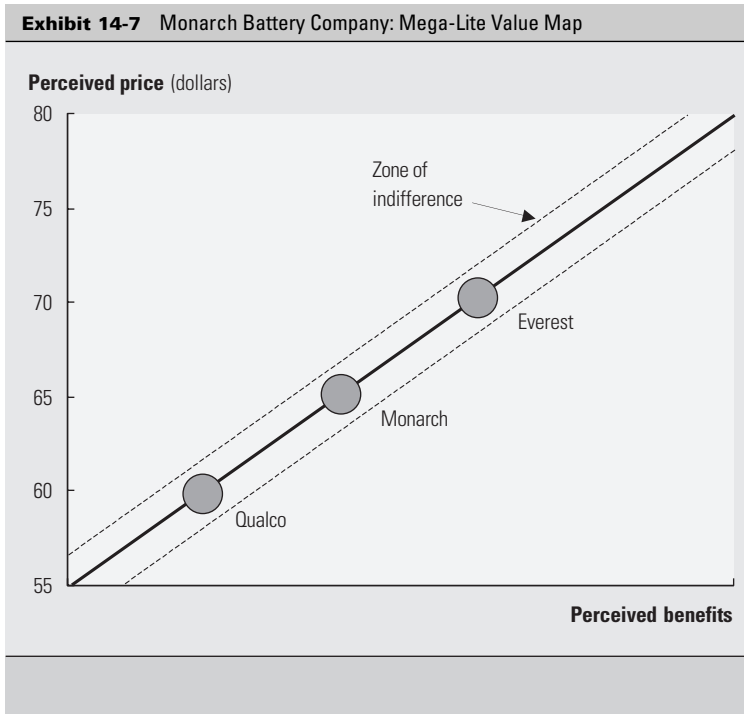
chosen retailers in the local market. Presented with these choices, the respondents were asked to select which they would purchase.

Suppose in this case that the respondent had selected Choice 1 in Exhibit 14-6, which was the Monarch battery bought at ABC Auto Parts for \$64.95. At this point, the discrete-choice software would generate a slightly different set of choices for the respondent—for instance, the same choices as in Exhibit 14-6, but with the retail price for Choice 1 raised to \$66.95. The respondent would then be asked to choose again. If Choice 1 were selected again, the next set of choices might have the Choice 1 price raised to \$68.95. If the respondent then made a different choice, such as the Everest brand battery at Auto King for \$69.95, then the program might change the pattern for the next set of choices put before the respondent. For instance, the warranty period under Choice 3 might be increased to 60 months or the nationwide replacement availability might be changed from “no” to “yes.” Each research respondent might be taken through a sequence of up to 15 of these modified discrete-choice scenarios, with individual choices at each stage generating a slightly different set of choices for the next stage.

The underlying discrete-choice program tracks the choices each respondent makes over the course of the research and analyzes the changes in choice attributes that cause respondents to make different selections.

The research gave Monarch managers a fresh outlook on their markets and allowed them to create up-to-date value maps for their key products and market segments, like the Mega-Lite map shown in Exhibit 14-7. Among the insights gained were these:

- In most product categories, Monarch batteries were priced at or near value equivalence with competitors.
- Suggested reductions in Monarch prices of up to 10 percent failed to attract many customers from the economy end of the market being served by Qualco. The research made it clear that there was a small, very price-sensitive set of customers who would not consider switching from Qualco until a competitor’s price nearly matched Qualco’s price.



- There was a small but notable zone of indifference around Monarch prices for most of its models. In almost every product category, Monarch retail prices could be raised as much as 2 percent with virtually no loss of consumer choice for the Monarch brand. This was valuable to know, considering the impact of a 1 percent increase shown earlier in Exhibit 14-2.
- Monarch had underpriced its new stress-resistant, high-performance battery, the Ultra, by as much as 20 percent. In the demanding application niche targeted by Ultra, the innovative battery provided performance attributes that were far superior to Monarch's own in-house estimates.

These findings unveiled exciting and unexpected opportunity at the product/market strategy level for Monarch's managers and triggered a number of high-payoff market actions.

## INDUSTRY STRATEGY

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A number of trends in the replacement automotive battery industry had conspired over the years to place destructive downward pressure on overall industry prices. Improvements in battery design had caused the average life of an automotive battery to increase by more than 15 percent over a decade, resulting in flat unit demand from consumers. Over that same period of time, the three major battery manufacturers had streamlined their manufacturing processes and increased industry production capacity by 11 percent without building a single new manufacturing facility. These trends in demand and supply had resulted in current industry capacity exceeding demand by more than 22 percent.

Furthermore, distribution channels that sold replacement batteries were consolidating drastically. Growing regional and national auto parts retail chains were buying out many of the smaller auto parts retailers. At the same time, an increasing number of consumers were purchasing replacement batteries from the national mass merchandisers and discounters. Battery manufacturers—Monarch and its competitors—found themselves selling to a smaller number of increasingly powerful retail and wholesale customers who were only too willing to exercise their purchasing power to extract lower and lower prices.

The mass merchandisers and national auto parts retailers aggressively advertised their low prices for Monarch batteries, which fostered intrabrand competition between retailers and further depressed Monarch retail prices. Competitors were facing the same channel dynamics. Even the remaining smaller auto parts retailers would pressure Monarch to give them a price that would allow them to compete with the very low prices advertised by the national retailers.

The combination of chronic excess industry capacity, ongoing consolidation in distribution channels, and aggressive intrabrand competition had driven average retail prices paid by consumers for batteries down a real 9.6 percent over five years. As is usually the case, these retail price reductions were basically matched by lowered prices that battery makers could charge their retail and wholesale customers. In the wake of these price declines, profit margins for Monarch and its competitors were squeezed to unacceptable levels.

Attempts by both Monarch and its largest competitor, Everest, to relieve this profit squeeze and lead industry prices higher had been totally ineffective. When Everest tried to take prices up at some of its largest direct customers, they threatened to leave Everest and move their business to Monarch and Qualco. When Monarch tried to raise prices across the board to small retailers, the most costly channel for Monarch to serve, the small retailers rebelled, saying they could not compete with low-priced na-

tional retailers if Monarch increased its prices. In both cases, Everest and Monarch relented. Meanwhile, Qualco marketed itself as the lower-priced alternative to Monarch, contributing to the belief that replacement batteries were undifferentiated commodities.

Mindful that they could do little on the pricing front that would have lasting positive impact unless declining industry prices could be slowed, Monarch managers conducted a thorough assessment of their industry. Their objective was to understand better the real sources of the price freefall and to devise a plan to stop it. Among their revelations were these:

- Very few consumers shopped across different retail channels. In other words, a consumer who goes to a small auto parts retailer to purchase a battery seldom even considers a national mass merchandiser as a viable retail alternative. That consumer values the expert advice of a knowledgeable local retailer. In much the same way, the consumers who purchase their batteries from a mass merchandiser seldom consider the small auto parts retailer.
- While Everest and Qualco's cost structures were different from Monarch's, the price/volume/profit tradeoffs (as shown earlier in Exhibit 14-2 for Monarch) worked essentially the same for all three. In other words, easing downward price pressure was just as attractive for Everest and Qualco. Furthermore, Monarch's discrete-choice research showed that if Everest or Qualco were to cut prices further, they would not gain nearly enough consumer volume to offset the price cut and gain profit margin.
- Although Monarch liked to see itself as a constructive industry player, Qualco apparently perceived it as a very aggressive price competitor. The impression came from "introductory prices" Monarch had offered some of Qualco's high-profile retail accounts during competitive bids for supply contracts. While Qualco retained the customers, it was forced to lower its prices significantly to match Monarch's bid. As a result, Qualco leaders were dubious whenever Monarch tried to lead prices higher.
- Excess production capacity would probably remain a fact of life for the foreseeable future. There were no anticipated developments on either the demand or supply side that would affect that imbalance significantly.

These findings at the industry strategy level of price management provided fresh perspective and indicated greater freedom for Monarch to try to relieve some of the downward pressure on pricing that had damaged the industry so much over the past several years.

## **CAPTURING THE MONARCH PRICING OPPORTUNITY**

So far, we have highlighted the findings of what might be called a pricing diagnostic across the three levels of price management. As we have shown, crucial pricing issues and opportunities emerged at each of the three levels. Armed with this new knowledge, Monarch took specific steps to capture and sustain the pricing opportunities it had identified. Although many of the price improvement actions taken by Monarch touch more than one of the three price management levels, we will summarize these actions within the level that is most appropriate, starting with the transaction level.

### **ACTION STEPS: TRANSACTION**

Monarch took several specific steps to begin to bring control and discipline to its transaction pricing. First, Monarch decided to orient its entire transaction pricing process around pocket price realization. With input from sales, marketing, and pricing managers, Monarch set overall pocket price targets by account channel and size. These targets were aspirational with the dual intentions of actively shaping Monarch's pocket price band and setting a higher bar, account by account, for pocket price realization. Smaller accounts generally were assigned higher pocket price targets—that is, less total discounting—than large ones; full-service dealers and distributors who were developing and growing markets for Monarch were given lower pocket price targets than those who were not.

Next, Monarch compared target pocket price to actual pocket price, account by account. It identified underperforming accounts where the gap between target and actual pocket price was large and devised specific account plans to bring their pocket price levels into line. To help account managers focus on the individual elements of price that were excessive for these accounts, Monarch created an average pocket price waterfall for similar higher-performing accounts and compared it to the waterfall for the overdiscounted accounts. The price discount elements that were excessive became clear to account managers, who then understood which parts of the pocket price waterfall to focus on for improvement. This targeted approach to fixing outliers allowed Monarch to bring the majority of its outlier accounts in line within a year.

Simultaneously, Monarch mounted a program to grow sales volume in select accounts where actual pocket price was already *greater* than the target. The higher pocket prices made growth in these accounts extremely profitable, so much so that Monarch earmarked these attractive accounts for special treatment. A marketing and sales team investigated them to determine the nonprice benefits that were most important to these accounts. Monarch significantly increased unit sales to these accounts, not by cutting

price, but by providing the benefit attributes that were most critical to each: more targeted promotions for some, higher levels of service for others, preferential order fill rates for still others.

Finally, Monarch instituted an aggressive program to bring greater overall discipline to the transaction pricing process. Beyond the pocket price targets discussed above, this program included setting clear guidelines and decision rules for each element in the pocket price waterfall. Monarch's IT department created new information systems to support and monitor transaction pricing decisions, and Monarch instituted pocket price as the companywide metric of price performance in all of these systems. It began measuring and assigning, transaction by transaction, all the significant off-invoice waterfall elements that were previously collected and reported only on an aggregate basis. Finally, compensation for salespeople, sales managers, and even product managers was tied to pocket-price realization against account-specific targets.

### **ACTION STEPS: PRODUCT/MARKET STRATEGY**

Actions at the second level of price management were driven directly from the rich set of consumer and market insights drawn from the discrete-choice market research. Knowing now the width of the zone of price indifference for each of Monarch's product lines, the company launched its first broad increase in dealer list prices in years. While the list price increase was a modest 1.5 to 2 percent for most lines, Monarch could commit itself to these increases because it was confident consumers would not switch from the Monarch brand with the new prices. Monarch even shared market research results with skeptical retailers to help encourage them to charge justifiably higher retail prices in their stores.

Again based on market research results, Monarch relaunched the innovative new Ultra product line with a 16 percent increase in dealer list price. They placed additional advertising emphasis on the benefit attributes that market research had shown to be most important to customers purchasing the Ultra model. And, to help reinforce the high-price, high-benefit positioning of the Ultra line, virtually all requests for special or discretionary discounting of the product line (both on- and off-invoice) were denied.

Also in the category of actions to avoid, Monarch management no longer even considered requests from the field to discount any Monarch product lines to approach the price levels of Qualco, the low-end economy competitor, since discrete-choice research had shown Qualco's customers to be the most price-sensitive and unlikely to switch unless Monarch prices matched or beat Qualco's.

Finally, the abundant insights drawn from the market research clarified to Monarch the value of up-to-date consumer behavior information.

Monarch managers realized that they had been flying blind for years without these insights, and decided to commission similar market research every year or two, or whenever a major discontinuity occurred in their markets. These recurring research efforts not only prescribed specific price positioning actions for Monarch, but also established Monarch as the most informed and credible adviser to retailers on consumer buying behavior for automotive batteries.

### **ACTION STEPS: INDUSTRY STRATEGY**

The action steps at the transaction and product/market strategy levels were, in most cases, quite direct and explicit, and the impact could often be seen immediately. Actions taken at the industry strategy level had less direct and immediate effect but were among the most important taken by Monarch. If industry prices continued their fall uninterrupted, the hard-fought gains at the transaction and product/market strategy levels might be wiped out by industrywide price declines.

The first steps taken at this level were designed to decrease the destructive Monarch intrabrand competition across the different types of retailers. Monarch took its research on consumer buying behavior to its retailers to demonstrate that the various retail battery channels—mass merchandisers, national auto parts retailers, and small auto parts retailers—were seldom competing for the same customers. The small auto parts retailer did not share customers with the national auto parts chains and did not have to be overly concerned with their advertised prices for Monarch batteries. Likewise, the national auto parts chains did not have to worry much about mass merchandisers' advertised prices; consumers in their customer base seldom shopped the mass merchandisers for auto parts.

Next, Monarch designed and executed a thoughtful communications program around its across-the-board list price increase. Monarch was upfront that the increase was indeed market-based. Monarch issued press releases explaining the logic and intent of its price increase and the benefit that it expected Monarch and its retailers to gain. Monarch trained its salespeople on how to sell the price increase to retailers and how to respond constructively to their questions and unavoidable objections. Monarch's president and CEO took every opportunity to explain and reinforce the rationale behind the price increase, and even accompanied salespeople on calls to select key accounts where the price increase had encountered some resistance. Again, Monarch's commitment to making the price increase stick was clear and unwavering.

Finally, Monarch marketing and sales management went on high alert to make sure that Monarch was not taking any actions in the marketplace that might be construed as counter to the price leadership that they were

trying to exhibit. Extra care was taken to avoid aggressive transactional discounting in accounts shared by or visible to Everest and Qualco. All promotional programs were carefully assessed to assure that the market would not perceive them as price cuts counter to the spirit of price leadership. It was clear to Monarch managers that any market action taken that might be misread by the market could completely undermine their industry price leadership initiative.

## **HARD-WIRING THE CHANGE**

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Monarch's efforts to create and sustain improved performance in pricing went well beyond specific action steps across the three levels of pricing. As discussed in Chapter 13, reaching for the price advantage requires a tremendous transformational effort. The four primary tasks needed to shift pricing behaviors and mindset were each explicitly addressed in Monarch's pricing change program:

1. *Fostering understanding and conviction.* The CEO and president augmented his external market communications on pricing with an ongoing internal dialogue. Pricing became a routine agenda item at all monthly and quarterly management meetings. It was clear to everyone that senior leadership was unambiguously committed to the creation of a sustained price advantage for Monarch.
2. *Reinforcing with formal mechanisms.* In addition to all the pricing process and systems changes described earlier and incentive compensation changes, Monarch senior management took many symbolic steps to further reinforce a positive pricing mindset. For instance, each month the CEO and president made personal commendation calls to the salespeople who had achieved the most significant improvements in individual account pricing performance. These calls made the priority of pricing excellence across Monarch unmistakable.
3. *Developing talent and skill.* One of Monarch's most talented marketing managers was assigned the position of pricing director. She not only helped orchestrate the upgraded Monarch pricing process but also took the lead in building pricing capability across marketing and sales. She pushed the development and execution of training sessions on all of the new transactional pricing tools. She led regular field workshops with sellers to brainstorm and share a growing arsenal of pricing improvement ideas that was being created across Monarch.
4. *Role modeling.* The CEO and president provided a positive pricing role model to the Monarch organization by personally taking very tough stands with even very large customers who were asking for excessive

discounting. Furthermore, care was taken that the “salesperson of the year” award be given only to an individual who displayed exemplary pricing performance in addition to high-revenue volume performance.

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The Monarch Battery Company case illustrates the intertwining set of initiatives and change programs that usually cut across all three levels of price management when a business gets serious about creating the price advantage for itself. The journey to create the price advantage was a rewarding one for Monarch. In the first year of full implementation, an ROS increase of 2.1 percentage points was attributed to price performance improvement. Incremental improvements continued in the second and third years, resulting in a cumulative ROS increase of 5.4 percentage points from the pricing program. Monarch more than doubled its operating profits—and has sustained that improvement—through thoughtful, disciplined actions and changes across all three of the price management levels. Monarch management remains to this day convinced that no other initiative could have yielded the lasting profit impact of their enthusiastic creation of the price advantage.