



# Navigating Volatility: Strategic Pricing for B2B Companies

Adapting to Tariffs:  
Pricing Strategies for Volatile Markets



## About the Authors



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Michelle Duffy is an Industry Expert in Distribution with Pricefx, based in Minnesota, USA. Prior to working with Pricefx, Michelle spent 15 years working at one of America's largest High-Tech Distributors as a Strategic Pricing Manager of a multi-billion-dollar portfolio. Michelle is an Innovative, passionate, results-driven pricing professional with a strong ability to plan and implement a high level of Pricing Strategy activities to generate new sales and increased margins. On the weekends, you will find Michelle with her family at a hockey rink in the winter and at the lake in the summer.



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# Executive Summary

## Volatility is no longer an occasional disruption - it is the new normal.

From rapid market shifts and supply chain disruptions to geopolitical tensions and regulatory changes, B2B organizations must continuously refine their pricing strategies to remain competitive.

This white paper explores how strategic pricing software enables companies to:



**Manage price fluctuations**



**Protect margins**



**Maintain a competitive edge**

By leveraging data-driven insights and automation, businesses can respond proactively to external disruptions and uncover new opportunities for growth. In this whitepaper, you will gain practical insights into how pricing software enhances decision-making, optimizes profitability, and fosters stronger customer relationships through a modernized pricing approach.

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# Introduction

The global economic landscape has become increasingly unpredictable. Factors such as supply chain disruptions, geopolitical conflicts, and regulatory shifts—including tariffs—continue to impact cost structures and profitability. Today, most companies face many of the following realities:

- **Inflation and rising costs** lead customers toward lower-priced alternatives.
- **Unpredictable demand** complicates inventory management and pricing decisions.
- **Sudden tariff changes** create pricing instability, necessitating fast, strategic adjustments.
- **Supply chain disruptions** cause companies relying on static pricing models struggle to absorb sudden cost changes without eroding margins.

Static pricing models and manual adjustments are no longer viable. To mitigate risks without eroding margins or losing market share, organizations must be prepared to rapidly assess and adjust their pricing strategies. Pricing software provides real-time data analysis, automation, and scalability, enabling businesses to optimize pricing strategies and stay competitive in volatile times.





# Thriving in a Market Defined by Volatility

B2B companies operate in a world defined by volatility, uncertainty, complexity, and ambiguity. The stability of predictable cost structures is gone, requiring businesses to navigate:

- **Inflationary pressures** that increase supply chain costs
- **Tariff uncertainty**, which makes long-term pricing forecasts difficult
- **Shifting customer behavior**, with businesses and consumers seeking cost-conscious options
- **Intensified competitive pressures**, demanding precise and justified pricing strategies

Economic uncertainty impacts businesses across the supply chain. For example, Pricefx analysis of industry data shows that manufacturers face between 1% and 5% potential gross margin loss due to tariffs if they fail to adjust pricing. Conversely, companies will need to raise prices between 1% and 7% to stay margin neutral with tariffs.

*See Table 1.1 for specific impact across a range of industries.*

Without dynamic, data-driven pricing strategies, B2B companies risk revenue erosion, lost market share, and compromised profitability.

# The Role of Pricing

B2B firms must carefully manage cost fluctuations while preserving competitiveness. Tariffs create pricing dilemmas for businesses to consider, such as:

- **Absorbing costs** strains margins but passing the cost on risks customer attrition.
- **Price-sensitive customers** will demand flexible pricing and payment terms.
- **Traditional pricing models** fail to keep up with rapid cost changes.

A modern, proactive pricing strategy enables a company to balance these factors effectively in today's cost-conscious, risk-averse market.

*Table 1.1 Impact of Tariffs on Different Industries - PriceFx analysis*











| INDUSTRY  | CoGS Import % | Margin Risk | Price Implication | Total Impact     |
|---|---------------|-------------|-------------------|------------------|
|  <b>Discrete Manufacturing</b>    |               |             |                   | <b>\$ 34.5 B</b> |
|  Automotive Original Equipment   | 37%           | -3.3%       | +4.1%             | \$ 18.1 B        |
|  High Tech Manufacturing         | 53%           | -4.3%       | +6.6%             | \$ 7.3 B         |
|  Industrial Manufacturing        | 33%           | -2.6%       | +3.7%             | \$ 3.9 B         |
|  Building Products Manufacturing | 17%           | -1.4%       | +1.9%             | \$ 3.9 B         |
|  Food and Bev Manufacturing      | 9%            | -0.6%       | +0.9%             | \$ 3.9 B         |
|  Packaging Manufacturing         | 14%           | -1.2%       | +1.5%             | \$ 3.9 B         |
|  <b>Process Manufacturing</b>    |               |             |                   | <b>\$ 31.3 B</b> |
|  Chemicals Manufacturing         | 21%           | -1.4%       | +2.0%             | \$ 5.9 B         |
|  Oil and Gas Manufacturing       | 36%           | -3.5%       | +4.3%             | \$ 25.3 B        |

Table 1.1 above shows how much each industry's CoGS is from imports. Given this exposure to tariffs, PriceFx estimated the margin risk (in GM%) or the required price change to compensate for tariffs. The last column shows the total margin dollars at risk across the entire industry. As you can see, **tariffs could cost US manufacturers \$65.8B in margin** in aggregate.

# How Pricing Software Helps

Businesses harness pricing software to make smarter, faster decisions in the face of changes. The right software will allow for:

## 1. Dynamic Pricing Adjustments

- Pricing software enables businesses to implement dynamic pricing strategies that adjust in real time based on cost fluctuations, market demand, and competitor pricing.
- Instead of relying on manual updates, companies can automate price changes in response to tariff increases or raw material cost volatility.

## 2. Cost Scenario Planning for Tariffs

- Pricing software models the impact of various tariff rates (e.g., 10%, 25%) on cost structures and provides a system-generated simulation showing margin impact at different tariff levels.

## 3. Automated Price Execution & Governance

- Pricing workflows ensure consistent, rule-based adjustments rather than ad-hoc pricing decisions.
- Approval processes and audit trails provide visibility into pricing decisions, reducing errors and margin leakage.

## 4. AI and Machine Learning Insights

- Predictive analytics help companies anticipate cost changes and proactively adjust prices before they erode profitability.
- AI-powered recommendations allow sales teams to negotiate more effectively by providing optimized price points based on historical trends and real-time market conditions.

## 5. Customer-Specific Pricing & Segmentation

- Pricing software ensures pricing remains competitive without undercutting margins by allowing customized pricing structures based on customer segmentation and purchasing behavior.
- Tariff-related cost increases can be passed on selectively rather than applied universally, minimizing disruption to key customer relationships.



# Case Study

AUTOMOTIVE PARTS DISTRIBUTOR  
ADAPTING TO INFLATION-DRIVEN DEMAND SHIFTS

## Background

A leading U.S. automotive parts distributor faced pricing challenges due to inflation. Customers increasingly sought lower-cost alternatives, requiring a more strategic pricing approach.

### Challenges:

- Slow, manual pricing updates led to inefficiencies.
- Demand volatility reduced margins.
- Lack of real-time insights hindered proactive decision-making.

### Solution:

By implementing Pricefx pricing software, the company:

- Automated pricing updates, improving efficiency.
- Optimized price adjustments based on real-time demand.
- Strengthened margin control with AI-driven insights.

## Results:

**6.44%**

revenue growth in  
three months.

**13.1%**

gross margin  
improvement.

**144**

basis point increase in  
margin percentage.



# How to Build Pricing Resilience for an Era of Volatility

Pricing software is a strategic necessity for B2B organizations to navigate market volatility. Companies that hesitate to invest in modern pricing strategies risk falling behind. By adopting pricing software, organizations can:

- **Protect margins immediately** - Anticipate and respond to cost fluctuations proactively.
- **Seize market opportunities** - Gain a competitive edge over less agile competitors.
- **Ensure long-term growth** - Build resilience to withstand future volatility.
- **Strengthen customer relationships** - Foster trust with fair and transparent pricing.

## Five Key Steps for Pricing Transformation

- 1 **Invest in Pricing Technology** - Implement AI-driven software to automate pricing and scenario planning.
- 2 **Implement Dynamic Pricing** - Transition from manual adjustments to data-driven, real-time pricing strategies.
- 3 **Strengthen Cross-Functional Collaboration** - Align pricing, sales, and finance for cohesive execution.
- 4 **Leverage AI for Price Optimization** - Use predictive analytics to refine pricing and maintain competitiveness.
- 5 **Continuously Monitor Market Volatility** - Adapt pricing strategies to economic and regulatory changes.

Now is the time for B2B leaders to evaluate their pricing maturity, invest in technology, and adopt a pricing strategy built for the future. Companies that evolve will gain a market advantage. Laggards risk losing their market position. Pricing software offers businesses a competitive edge by enabling data-driven pricing decisions, protecting margins, and ensuring long-term sustainability.

**Start a Pricing Journey  
That's Tailored to Your Needs**



[Talk To An Expert!](#)

# Appendix: 2025 Tariff Timeline

*Key facts as we know them today.  
This timeline is ever-changing and growing.*

**February 1:** President Trump announced plans to impose a 25% tariff on imports from Canada and Mexico, a 10% tariff on imports from China, and a 10% tariff on energy sources from Canada, effective February 4, citing national security concerns related to illegal immigration and drug trafficking.

**February 3:** Canada and Mexico negotiated a 30-day pause on the tariffs that would have taken effect February 4.

**February 4:** China responded with retaliatory tariffs that take effect Monday, February 10.

**February 8:** President Trump told reporters he plans to announce 25% tariffs on all steel and aluminum imports to the U.S. on February 10, with additional reciprocal tariffs expected later in the week.

**February 10:** In the evening, President Trump announced he will impose 25% tariffs on all steel and aluminum imports under Section 232 of the Trade Expansion Act. The tariffs are expected to take effect in March.

**February 13:** President Trump signed a memo to his cabinet titled the Fair and Reciprocal Plan, directing the Office of Management and Budget director to conduct a country-by-country assessment within 180 days to evaluate and adjust trade relations.

**February 25:** President Donald Trump ordered an investigation into potential tariffs on copper imports under Section 232 of the Trade Expansion Act of 1962. Potential tariff rates will be determined by the investigation. The president also announced that starting in March, tariffs on imports from Canada and Mexico are going forward, and reciprocal tariffs are also moving forward as soon as April.

**March 3:** President Donald Trump confirmed that on Tuesday, March 4, the U.S. will impose a 25% tariff on imports from Canada and Mexico after a one-month delay, along with an additional 10% tariff on imports from China.

**March 4:** 25% tariffs on imports from Canada and Mexico, along with an additional 10% tariff on imports from China, took effect at midnight. Mexico's President Claudia Sheinbaum shared plans to announce retaliatory tariffs on Sunday, March 9, and China announced retaliatory tariffs of up to 15% starting Monday, March 10. Canada's Prime Minister Justin Trudeau announced 25% retaliatory tariffs.

**March 6:** President Trump announced a one-month exemption for Mexico and Canada from the 25% tariffs on goods covered under the U.S.-Mexico-Canada trade agreement (USMCA).

**March 12:** A 25% tariff on all steel and aluminum imports into the U.S. took effect. The European Union plans to impose 26 billion euros (approximately \$28 billion) worth in counter-tariffs next month. Canada is expected to announce nearly 30 billion Canadian dollars (nearly \$21 billion) in retaliatory tariffs on U.S. goods.

**April 2:** President Donald Trump announced a sweeping new tariff policy dubbed "Liberation Day," imposing a baseline 10% tariff on all imports and significantly higher rates on specific countries, including 34% on China and 20% on the European Union. This move was framed as a response to perceived unfair trade practices and aimed at boosting domestic manufacturing while addressing the U.S. trade deficit. The announcement triggered immediate turmoil in financial markets, with stock futures plummeting as investors reacted to the potential economic repercussions of these tariffs.