

Pricing Strategy Analysis in the Post-Epidemic Period

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Abstract. The epidemic has had a profound impact on the global economy, which is multidimensional, deep and asymmetrical. One of the manifestations is the shift of supply chains from "efficiency first" to "resilience first", and from focusing on the lowest cost and highest efficiency (Just-in-Time) to focusing on the transfer of risk, such as through outsourcing. There has been a fundamental shift in supply chain thinking. Consumer demand has rebalanced and diverged from "consumption of goods" to "consumption of services", and consumer behaviour and preferences have changed significantly. This paper analyses the impact of the epidemic on firms' pricing by examining the factors affecting pricing strategies after the epidemic, the changes in the types of pricing strategies, and considers how firms can optimise their pricing strategies after the epidemic. This paper finds that after the epidemic, companies will adopt a more diversified, flexible and customer value-centred pricing model based on different internal and external factors such as cost or competition, building a dynamic cost monitoring system, applying big data analytics tools, conducting in-depth research on the consumption habits of different consumer groups, and strengthening digital applications to better maintain competitiveness and achieve sustainable growth in new markets. This paper helps companies understand the fundamental changes that have occurred in the market in the post-epidemic era and accordingly develop pricing strategies that can adapt to the new environment, capture new opportunities, and withstand new risks, so as to survive and progress in the complex competitive landscape.

Keywords: Epidemic, economy, pricing strategy, datamining.

1. Introduction

With the severity of the epidemic, embargoes are being implemented globally. Consumer spending, labour management and supply chains became the most affected areas. These changes have forced organisations to re-evaluate their strategies to mitigate the negative impacts of the epidemic and adapt to the changing global market environment [1]. The coronavirus outbreak, known as 'COVID-19', spread rapidly across the globe, leading to a global recession. Despite worldwide efforts to fight the virus, it continues to spread on a large scale. It is not only a healthcare crisis but also an economic crisis [2]. Global investors assessed an economic slowdown due to lack of customer confidence and reduced business investment [3]. At the same time, the closure of borders led to a decrease in the flow of imported and exported goods. This was particularly evident in the EU countries. With the outbreak of the epidemic, most countries imported only basic necessities - medicines, medical and industrial equipment. The decline in imports and exports led to a reduction in productive capacity. In turn, the employment situation changed significantly, with many people being forced to shift to teleworking and an overall reduction in the labour force. As a result of financial losses, the profitability of enterprises decreased, which led to a reduction in the turnover of the economy, the closure of a large number of small and medium-sized enterprises, and a general slowdown in economic development [4, 5]. The market environment has been radically, and possibly permanently altered in the aftermath of the epidemic. Consumer behaviour patterns, supply chain structures, competitive landscapes and macroeconomic conditions are very different from those before the epidemic. In this new normal, pricing strategy analysis is no longer just a financial or sales tool, but has evolved into a core strategic function for business survival, recovery and growth. It is about survival and growth, helping companies to cope with dramatically changing market conditions, understand and respond to new consumer behaviours, reposition themselves in the competition and gain an edge. Analysing a company's pricing strategy in the post-epidemic period is critical and indispensable. It is not just a

tactical task for the finance or marketing department, but a core function of corporate strategy. The results of Syaifuddin, S., who analysed the role of the business environment in the development of marketing strategies and their impact on sales performance in the post COVID-19 epidemic period, confirm the importance of the close relationship between business environment factors, marketing strategies and sales performance [6]. And in a rapidly changing business environment, especially after the COVID-19 outbreak, firms need to gain insight into how external factors such as technological developments, economic conditions, government regulations, and competition affect the course of their marketing strategies [6].

2. Key Factors Influencing Pricing Strategies in the Aftermath of the Outbreak

2.1. Internal Factors

The New Crown epidemic was not only a global health crisis but also a catalyst for profound economic and social change. It has caused changes in the micro and macro environments, affecting the strategic objectives and market position of companies, and different companies need to develop pricing strategies based on the changes in the cost structure such as the share of fixed and variable costs, and the value of their products.

The reshaping of the cost structure is the most direct and fundamental internal factor. The epidemic may have permanently altered a company's cost structure including supply chain costs, production costs, labour costs and marketing and sales costs. And these cost structures determine the price floor. This is because companies must base their pricing on new, accurate cost calculations or risk being stuck in a "sell more, lose more" dilemma. At the same time, understanding the cost structure can also help in the decision-making process: whether to transfer costs through price increases or to absorb them by optimising internal efficiencies in order to maintain price competitiveness and market position.

Whether the value of products and services has changed since the epidemic is critical to pricing. Since product value is the ceiling of price, if the new value of the product, such as "safety" and "efficiency", can be clearly demonstrated and communicated, companies can assign higher prices based on value-based pricing. Conversely, if the value is diminished, competitive pricing or price reductions may be required. The company needs to assess whether the value proposition addresses new pain points after the outbreak so that its core value is enhanced or whether it has a differentiating advantage over its competitors, and based on customer feedback, it can design new products or phase out old ones and adjust the product line to change the product mix.

2.2. External Factors

The new crown epidemic permanently changed the market landscape, supply chain structure and consumer psychology. In the post-epidemic era, the pricing strategy of enterprises can no longer follow the old model and must be systematically reconstructed.

Shifts in consumer behaviour and psychology are at the heart of the market environment in the post-epidemic era, with consumers focusing more on health, safety, sustainability and experience rather than simply low prices. They are willing to pay a premium for products that meet these values and have shifted from the pursuit of low prices to the pursuit of "value for money" and "experience", becoming more rational and focusing on the values behind the product, such as support for local and sustainable development. At the same time, consumption is polarised, with some consumers (high-income groups) upgrading their consumption and pursuing high quality, while others (low- and middle-income groups) are downgrading their consumption, becoming more price-sensitive and pursuing the best value for money. As for the service industry, safety, no-touch and personalisation have become core components of the experience and the basis for pricing.

The epidemic has led to a large number of companies exiting the market, while spawning new business models and competitors, and an unprecedentedly complex competitive landscape. Companies have to prevent the risk of price wars based on market concentration competitive

intelligence cross-border competition. Companies must continue to conduct competitive pricing analyses, but should not blindly follow the trend, clarify whether to choose price competition or value competition, and consider the relative position of the brand in the market to determine the price.

Not only that, but government regulations and policy direction are also very important. In response to the epidemic and the recession, governments have introduced a large number of regulations and policies that directly intervene in the market. Fiscal and monetary policies, industry regulation and support may stimulate demand in specific areas in the short term, affecting the pricing environment, and price controls may impose temporary price controls, limiting companies' pricing freedom. Companies must pay close attention to policy trends to ensure pricing compliance and make good use of policy dividends such as subsidies and tax holidays to optimise their pricing strategy and enhance competitiveness.

3. Major Types of Pricing Strategies of Companies After the Epidemic

3.1. Cost-Driven Pricing Strategy

For the cost fluctuations in the dramatic and transparent industries such as commodities, construction materials, public utilities (water, electricity). These products are highly homogenised, customers are very aware of cost changes and there is little room for value orientation and competitive orientation. And in view of the sharp fluctuations in costs in the context of companies may also choose cost-plus pricing method to deal with raw material price increases in the "moderate price increase" strategy.

As a result of restrictive measures introduced by countries and regions in response to the spread of the epidemic, transport costs for international trade flows increase and become less efficient, and producers' demand for raw materials far exceeds the maximum supply they can produce and deliver, i.e., supply bottlenecks are created. Relative shortages of input force firms to slow production and squeeze orders, which in turn exacerbates the supply bottleneck phenomenon and fuels international commodity prices [7]. Secondly, "carbon neutrality" has become a basic consensus among countries and regions in recent years, as the scale of green energy inputs is still far from being a complete substitute for carbon-intensive energy sources, the high cost of the transition has exacerbated the soaring prices of commodities in the context of which businesses will raise prices in order to maintain profits [7].

For customers with a variety of alternative choices, highly price-sensitive, long-life cycle, but fast renewal and iteration of products such as automotive, consumer electronics industry in the raw materials, logistics global rise in the environment, simple price increases may lose customers. They need cost management, value creation and market pricing organically combined, through the optimisation of the cost structure to support a more competitive market price, so as to maximise profit margins.

3.2. Demand-Oriented Pricing Strategy

Based on the profound changes in the market environment and consumer behaviour after the epidemic, enterprises' pricing strategies need to be more flexible, diversified and value driven. Enterprises will try to set prices based on customers' subjective perceptions of the value that products and services can provide through marketing, product design and services, so as to enhance the perceived value of customers as much as possible, thus providing support for higher prices and allowing customers to feel that they are getting value for money or even value for money. According to Hassan, T., & Saleh, M. I., tourists tend to spend for bundled and hedonic pricing strategies that integrate control points, stability, and controllability of the service provider's pricing strategy. Tourists do not prefer dual pricing strategies unless there is a rational explanation for price controllability or stability. Tourists also prefer controlled self-pricing strategies. Although tourists accept dynamic pricing, certain conditions related to price control points, stability and controllability must be met [8]. Not only that, but some findings also show that marketing through social media

channels attracts in-demand customers and increases sales to boost profits. In the aftermath of the outbreak despite the pre- and post-epidemic challenges, enabling financial strategies continued to bring in new revenues [9].

The epidemic exacerbated market imbalances and consumer fragmentation, making the application of differentiated pricing strategies more common and refined, where firms charge different prices for the same product or service to different groups of customers or in different contexts in order to maximise consumer surplus in each market segment. Diversified needs are met by setting service tiers with different prices.

3.3. Demand-Oriented Pricing Strategy

The post-epidemic market environment brings new challenges and changes to competition. Companies may competitively reduce prices to strategically set prices lower than those of competitors to stimulate sales to attract price-sensitive customers, thereby eroding competitors' market share. Alternatively, they may differentiate their prices in the form of differentiated premiums to allow consumers to perceive higher value through product innovation or brand upgrades, so that they are willing to pay prices higher than the industry average or competitors' prices in order to avoid low-priced competition.

4. Optimisation Suggestions for the Company's Pricing Strategy after the Epidemic

4.1. Building a Dynamic Cost Monitoring System

In this rapidly changing market context, flexible and innovative marketing strategies are key to improving competitiveness and sales performance. [6]. In-house capacity strengthening and the establishment of a cross-functional pricing committee is critical. Regularly reviewing the pricing strategy and empowering the team to be able to react quickly to changes in the marketplace breaks down the bureaucracy of slow pricing decisions and increases competitiveness in the marketplace by having the organisational ability to execute quickly. Invest in data and analytics capabilities to collect and analyse cost, sales, customer behaviour and competitor data to provide accurate pricing. Establishing real-time data tracking mechanisms empowers companies to quickly see the situation, anticipate risks, and act proactively in the midst of volatility.

4.2. Accurately Grasp Consumer Demand and Price Sensitivity

Re-examine products, conduct in-depth research on the core pain points of customers after the epidemic, such as health, safety, convenience, and emotional connection, and quantify how the company's products can address these pain points as the basis for pricing. Use big data analysis tools to understand the impact of price changes on demand through data analysis and testing, and develop flexible pricing structures accordingly, and conduct in-depth research on the consumption habits, purchasing power and price sensitivity of different consumer groups to develop targeted pricing strategies. Carry out market research to keep abreast of consumer perceptions of product value, and adjust product pricing and added value based on consumer feedback. Price increases or maintaining high prices must be accompanied by good reasons. Incorporate valuable propositions such as safer materials, a more reliable supply chain, and better service into all marketing and sales communications. According to a study by Santos, J. P. A., 84 per cent of businesses, usually small privately held, will have moderate to good success in the face of a changing marketplace. They survive and thrive in a declining market through proper employee training, cost control and most importantly customer involvement [9]. According to Mulatsih, they found that consumers preferred to judge personal preferences based on important assessments of their concept or consumer identity based on trusted consumption and socially beneficial product or brand choices. From this, it was

concluded that companies must face the needs and situations after the epidemic by adopting new marketing approaches to meet the needs of consumers [10].

4.3. Enhancing the Use of Digital Pricing Tools

The epidemic had a negative impact on the company's operations, but on the other hand, it provided new opportunities for the development of digital marketing. This has made it necessary for companies to innovate in terms of products or services, one of which is marketing through digital technologies [11]. In a highly volatile and digitalised market environment, digital pricing tools, have become a necessary infrastructure for companies to remain competitive. Introducing technologies such as Artificial Intelligence and Machine Learning to achieve intelligence and precision in pricing and improve pricing efficiency and accuracy. Using digital platforms to collect and tools to analyse market data can monitor the market in real time and allow companies to set rules to automatically or semi-automatically adjust prices under certain conditions, such as price cuts by rivals or cost increases, to seize fleeting opportunities or to provide a more comprehensive and in-depth basis for pricing decisions.

5. Conclusion

How companies adjust their pricing strategies in the post-epidemic era is a very critical issue, and many companies are exploring how to optimise pricing in the new normal in response to market changes, cost fluctuations and shifts in consumer behaviour. The pricing environment in the post-epidemic period has undergone a structural shift, and companies' pricing strategies need to evolve in response to market, product, consumer behaviour and psychology, competitor, industry and policy changes. While the future of companies in the post-epidemic period is uncertain, as is their shift in response to consumer demand. However, the key to survival and success lies in how to respond and adapt to current technological innovations and emerging trends.

The findings of this paper show that persistent inflationary pressures and cost fluctuations have put firms under significant cost-shifting pressures. The sensitive consumer mindset and significant price differentiation make it imperative that companies' pricing strategies are also fundamentally reconfigured to face the new post-epidemic environment. In order to position themselves differently, identify opportunities and avoid threats, companies need to assess their competitors to find their best position in the wider market to lead pricing decisions. And make adjustments based on their own costs, the value they create for their target customers, and the competitive landscape of the market.

A more flexible, smarter, and customer-value-centred approach to pricing will better help companies survive in a post-epidemic world full of volatility, uncertainty, and complexity, and build a strong advantage in the new competitive landscape. And the most important thing is to keep the strategy flexible, continuously monitoring market feedback and being ready to adjust approach again as the economy recovers and consumer behaviour evolves. Those who have succeeded in post-epidemic are those organisations that have been able to proactively embrace digitalisation, intelligently reconfigure their supply chains, and keenly grasp policy opportunities. They have been able to keep up with new post-epidemic trends and have the resilience, insight and adaptability to quickly adapt to a changing external environment.

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