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ABSTRACT

Considerable attention has recently been paid to the opportunities presented by information systems technology for implementing, or even driving, corporate strategy. But organizations attempting to identify systems that provide competitive advantage are finding the search to be frustrating and often unrewarding. This paper combines two familiar information systems concepts, the Anthony model and information attributes, to produce a framework for identifying one class of competitive information systems, systems in support of product pricing.

For the vast majority of companies operating in imperfect markets, pricing is an information intensive process, in which ambiguous cost projections are balanced with elusive estimates of demand in an attempt to satisfy conflicting stakeholders. As such, pricing presents a rich opportunity to creatively apply information systems technology for competitive advantage. To assist in identifying applications we present a framework to structure the search and a series of working examples that can motivate synergistic discovery.

The framework, shown below, categorizes pricing information systems according to decision type and information attributes. The Y-axis contains the three levels of management decision making proposed by Anthony [1965]; four areas of pricing decision—choosing a pricing strategy, setting the basic price level, determining the price structure, and the price administration—are mapped into the Anthony model. The X-axis includes categories of information attributes that information systems are likely to impact. We illustrate the matrix by mapping examples into the cells.

We are hopeful that readers familiar with a particular firm's attributes and competitive environment will find that the examples help stimulate the discovery of new pricing applications. The paper concludes with some thoughts on using the framework. An appendix to the paper presents a "pricing primer" for those unfamiliar with the pricing process and its information requirements.

| Key Pricing Processes | | Attributes of Information Impacted By IST | | | | | | |
|-----------------------|---------------------------------|---|---------------|-----------|------------------------------|-----------------|--|----------------|
| | | Timeliness | | | Content | | Format | |
| | | Age | Response Time | Frequency | Accuracy | Level of Detail | Medium | Graphic Design |
| | | | | | Completeness | Relevance | Ordering | Access |
| Strategic Planning | Choosing the Pricing Strategy | ← hotel room pricing → | | | Telcot | | → | |
| | Setting the Basic Price | Red River Construction | | | Delta | | Red Lobster Intermodal Transportation | |
| Management Control | Determining the Price Structure | ← Delta → | | | hotel promotion tracking | | → | |
| | Price Administration | ARCO | | | frequent flyer generated ads | | → | |
| Operational Control | | | | | AHS | | "The Coupon Solution" | |
| | | | | | Red Lobster | | | |
| | | | | | Car/puter | | Grand Union | |

Exhibit I

Improving Information Characteristics for Key Pricing Processes