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Industrial Pricing Power in 2025: Overcoming Execution Challenges to Drive Growth

Summary

As US industrial companies finalize their 2025 plans, they are focused on three critical pricing questions:

1. How significant were industrial price increases in 2024 and is there any meat left on the bone for further price increase in 2025?
2. What is the optimal timing and implementation approach to price increases in 2025?
3. What executional improvements are required to optimize the success and impact of these price increases?

In December 2024, Blue Ridge Partners completed a survey of 100 C-Suite executives of US industrial companies to understand the answers to these questions. The survey included respondents from industrial distributors and manufacturers with a US headquarters and/or US operations, varying in size from $100M-$5B in annual revenue.

External pressures—such as the type and magnitude of potential tariffs—will also play a critical role in shaping 2025 pricing strategies. For insights on how businesses can prepare, see our Executive Briefing: 4 Pricing Strategies for Navigating Tariffs and Labor Shortages.

Key Findings

- **Price increases remain a key growth lever but are undermined by execution issues.** In 2024, 82% raised prices by 5%; similar plans exist for 2025, but with caution informed by past challenges and evolving market conditions.
- **Early action with flexibility is key.** Nearly 70% of companies intend to implement price increases in Q1 to establish momentum, while half plan multiple adjustments throughout the year to adapt to evolving market conditions.
- **Executional gaps remain the biggest hurdle.** 90% of companies did not fully realize their 2024 price increases, citing:
    - Inadequate customer communication leading to resistance
    - Insufficient sales enablement leaving teams unprepared for negotiations
    - Poor tracking and governance causing slippage in enforcement

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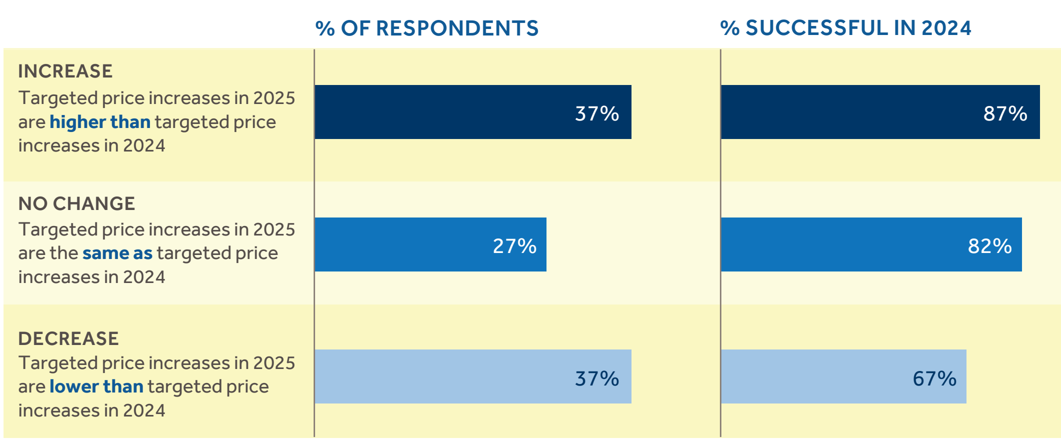
While pricing remains a powerful growth lever, success in 2025 will depend on how well companies execute. The following sections delve further into these key findings, examining how industrial firms can refine their approach to pricing strategy, timing, and execution to drive stronger results.

Price Increases to Continue in 2025, but with More Caution

Industrial companies continue to prioritize price increases both as a growth/margin lever and to offset rising costs, with 21% targeting price increases above 6%, while 34% are targeting low price increases (at or below 3%).

Companies that are lowering their price increase targets for 2025 were less successful in achieving their price increase targets in 2024, suggesting that their lack of success last year is factoring into their 2025 pricing approach.

Comparison of 2024 and 2025 Price Increases



Q: In 2024, what average price increase was implemented on the price list?; What average price increase or decrease are you expecting to implement for 2025?

Q: How successful was the price change, on a scale of 1-5?

Bar represents % of respondents selecting 4 or 5

A more complete view of pricing performance in the industrial sector should consider price adjustments over a two-year period to determine whether a company is keeping pace with cost pressures and competitive dynamics or falling behind. When targeted 2024 price increases and planned 2025 adjustments are analyzed together, the gap between top-performing industrial companies and those struggling to maintain margins becomes even more pronounced. Companies that take a proactive, market-aligned approach to pricing will be better positioned to protect profitability and sustain long-term growth.

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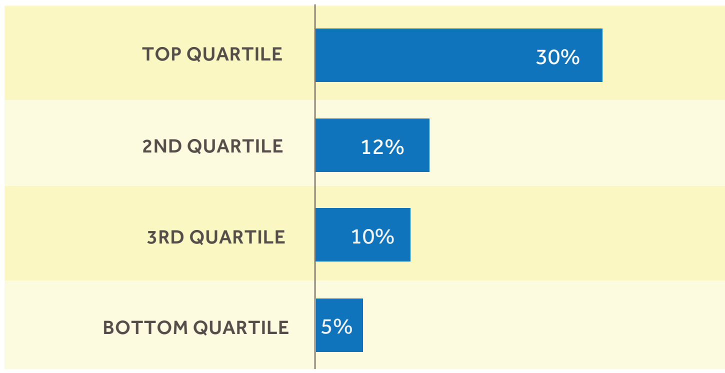
Combined 2-Year Targeted Price Increases (2024 and 2025)



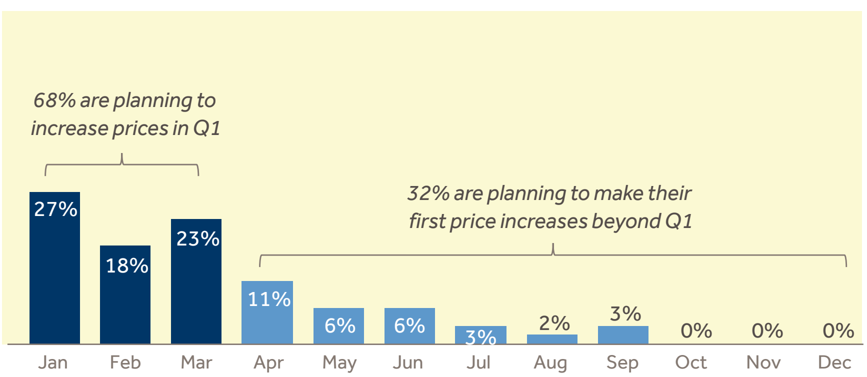
Timing, Frequency, and Flexibility in 2025 Price Increases

Industrial companies that act early and stay flexible will have the strongest pricing position in 2025. Nearly 70% are planning to implement pricing increases in Q1 to build early momentum. The 30% that are delaying their increases until Q2, largely due to tariff uncertainty, are at risk to leave money on the table, diminishing pricing power as the year progresses.

Meanwhile, 50% of the surveyed companies are keeping the option open for multiple price increases throughout 2025, allowing them to stay agile in response to market shifts. Those waiting for clarity on tariffs risk falling into a reactive position rather than leading the market – potentially resulting in diminished pricing power, inconsistencies across customer segments, and increased pushback from buyers.

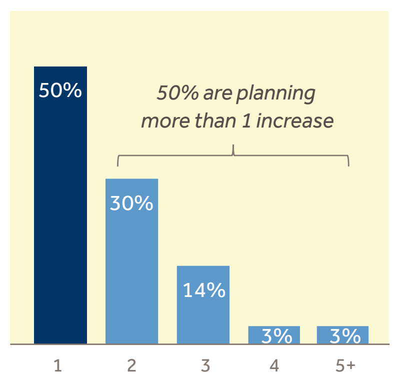
Timing and Flexibility of 2025 Price Increases

ANTICIPATED TIMING OF FIRST PRICE INCREASE



Q: When are you intending to start implementing 2025 price increases?

 # OF PLANNED INCREASES



Q: How many price increases do you plan to roll out in 2025?

Turning 2024 Executional Challenges into 2025 Opportunities

Nearly 90% of the surveyed companies reported falling short in capturing the full impact of their 2024 price increases, and this risk remains in 2025. Alarmingly, 90% of respondents believe that their commercial teams lack the capability to consistently enforce price increases across all customer segments.

The issue goes beyond execution. For many companies, there are structural weaknesses in how pricing is managed across go-to-market strategy, commercial enablement, and price governance. Industrial companies report three common challenges:

- **Inconsistent Customer Messaging:** Many companies fail to equip sales teams with clear, industry-specific rationale for price increases, particularly when justifying cost drivers like raw materials, labor, and logistics. This results in uneven implementation and unnecessary concessions.
- **Weak Negotiation Readiness:** Sales teams often face professional procurement buyers who are well-trained to resist increases. Without targeted training on selling value and pushback strategies, many sales reps default to discounting to protect volume, resulting in eroding margins.
- **Lack of Price Enforcement Tools:** Many industrial firms lack the pricing discipline and real-time visibility to track price compliance across SKUs, customer segments, and regions. Without effective dashboards and governance, price increases often slip through the cracks in contract renewals and long-term agreements.

If these execution gaps are not addressed, industrial companies risk repeating 2024's executional shortfalls – raising prices in theory, but failing to translate them into realized revenue/margins. In 2025's evolving market conditions, strengthening pricing execution should be a top priority to drive revenue growth and protect margins.

Conclusion: Industrial Companies Need Sharper Focus on Pricing to Drive Growth in 2025

Price increases will remain a critical value creation lever for industrial companies in 2025, but past execution challenges have made one thing clear: raising prices in a spreadsheet is not enough. To fully capture the intended gains, companies must have pricing discipline and agility.

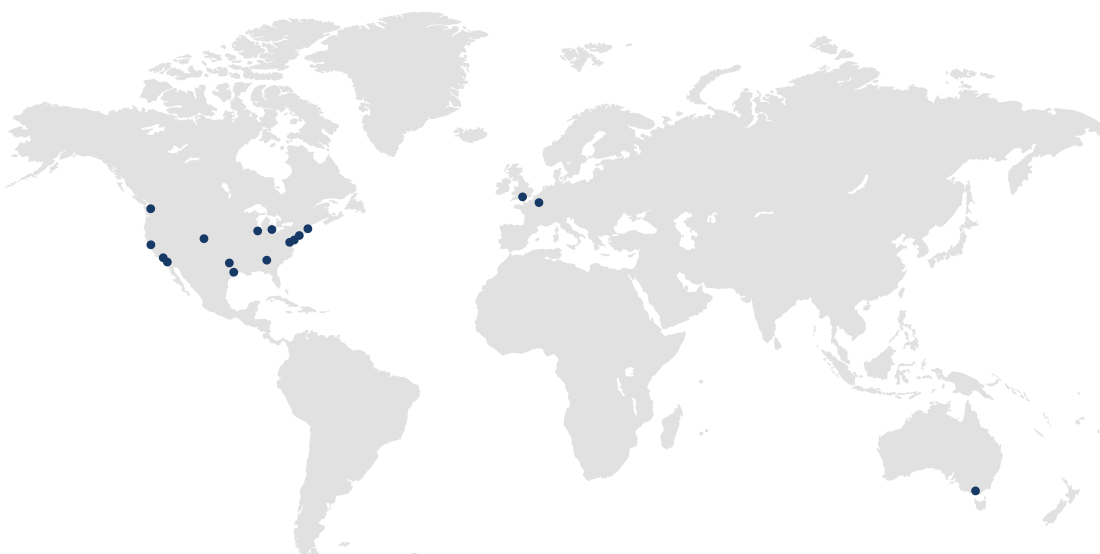
Those that fail to strengthen pricing execution risk stagnant margins in a cost-volatile environment. With macroeconomic uncertainty, including tariffs and cost fluctuations, maintaining flexibility will be essential. Industrial firms that act now, by strengthening customer communication, enabling sales teams with negotiation tools and training, and enhancing price enforcement, will not only protect their margins but also gain a competitive advantage.

Why Blue Ridge Partners?

Blue Ridge Partners is recognized as the most experienced, impactful and respected firm that is exclusively focused on helping companies accelerate profitable revenue growth. We have worked with over 1,300 companies worldwide on commercial model transitions, strategic pricing engagements and due diligence assignments. We are known for rolling up our sleeves, being pragmatic in our analyses and delivering tangible results that focus on the "how" of execution. Based on our significant experience we have amassed extensive knowledge of the issues that affect revenue performance.

For further information please contact us at info@blueridgepartners.com or visit us at www.blueridgepartners.com.

Our Locations



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