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Article

The Business Operation Model of German Beer Brand Krombacher

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Abstract: The present study focuses on exploring how Krombacher, a renowned German beer brand with a long history, maintains competitiveness in the fiercely competitive global beer market through its pricing strategies. The investigation of core research questions related to brand value reflection, target market price sensitivity, cost structure, market trends, and competitor behaviours enables analysis of the brand's integrated adoption of value pricing, differentiated pricing, competitive pricing, and customer-oriented pricing. The study examines the alignment of these strategies with Krombacher's premium brand positioning, which targets quality-conscious middle-to-upper consumers, and their adaptability to diverse market conditions across regions. Moreover, the study appraises the impact of price fluctuations on sales volume, market share, and brand image, whilst also examining the brand's pricing adjustments in response to external factors such as cost escalations and exchange rate fluctuations. Utilising a multifaceted approach encompassing SWOT analysis and meticulous market-specific strategy assessments, the research findings indicate that Krombacher's adaptable pricing strategies, underpinned by a commitment to value and market-driven principles, are instrumental in sustaining brand value, expanding market reach, and ensuring long-term profitability. The study further contextualises these findings within the broader framework of international brand management theory, demonstrating how a heritage European brand can leverage strategic pricing to navigate the complexities of global market expansion. Finally, recommendations for future pricing optimisation are proposed, including digital transformation, sustainability integration, and personalised product development, offering actionable insights for practitioners in the international beverage industry.

Keywords: pricing strategy; brand positioning; beer market; competitive pricing; market adaptation

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1. Introduction

1.1. Problem

This study examines how Krombacher maintains competitiveness in the dynamic beer market through its pricing strategy [1]. To explore this, the following research questions guide the analysis of market positioning, target customer segments, cost structure, industry trends, and competitive dynamics:

How does the company align its pricing policy—both competitive and customer-oriented—with its brand value and market positioning?

What are Krombacher's primary target markets, and how price-sensitive are consumers within them? How do consumers perceive price differences between Krombacher and competing brands, and to what extent do these perceptions influence purchase decisions? What constitute Krombacher's key cost components—including raw materials, production, distribution, and marketing—and how are these managed to sustain pricing objectives? What broader trends characterize the beer industry, and how

do factors such as price competition, evolving consumer preferences, and macroeconomic conditions shape Krombacher's pricing approach? What is the core structure of Krombacher's pricing strategy? Who are its principal competitors, and how do their pricing models compare? In what ways does Krombacher leverage pricing to differentiate itself and strengthen market share? Does the company employ promotional pricing or discounts, and how do such tactics influence consumer perceptions of brand equity?

1.2. Objectives

This study aims to comprehensively analyse the pricing strategies of Krombacher, a prominent German beer brand, and to investigate how these strategies align with its brand positioning and target market selection. Through examination of Krombacher's pricing model, insights are gained into how the company sustains competitiveness in the highly dynamic beer market while preserving its brand identity and resonating with distinct consumer segments [1].

Established in 1803, Krombacher is among Germany's oldest beer producers and has grown into the country's top-selling beer manufacturer. It is widely recognised both domestically and internationally for its consistent high quality, balanced mild-sweet profile, and distinctive hop aroma.

Krombacher targets adult consumers who value traditional German beer craftsmanship, particularly those prioritising product quality, authenticity of taste, and willingness to pay a premium for assured excellence [1]. The brand primarily appeals to middle- to upper-income segments seeking enhanced quality of life through premium beverage choices.

Krombacher's pricing policy is closely aligned with its brand positioning and the expectations of its target audience [2]. Leveraging its longstanding reputation and product excellence, the brand adopts a value-based pricing approach—setting prices above the market average in proportion to perceived quality and brand equity.

Owing to its strong market reputation and consistently high product standards, Krombacher's pricing strategy is grounded in the intrinsic value of its offerings rather than cost-driven or purely competitive considerations.

The brand employs differentiated pricing across product lines and market segments—for instance, applying premium pricing to special flavours or limited-edition releases to engage consumers seeking distinctive sensory experiences [2].

2. Fundamentals

2.1. Definition of Pricing Policy

Pricing policy constitutes a core component of the marketing mix, serving to influence purchasing decisions through strategic price setting [3]. To safeguard corporate profitability, a minimum viable price must be established; however, the upper price limit is ultimately governed by market demand and reflects customers' perceived value of the product. Greater perceived value typically enables higher price acceptance.

Beyond establishing base prices for goods and services, pricing policy encompasses associated commercial terms—including installment purchase options and discount structures. Given its dependence on multiple internal and external variables, pricing policy can be broadly classified into several distinct approaches.

Cost-oriented pricing establishes a baseline price derived from full manufacturing and operational costs. A cost-based price is calculated using formal accounting data; selling at this level ensures full cost recovery but yields no profit. Therefore, a predetermined profit margin is added to the cost base to determine the minimum sustainable selling price [4].

Demand-oriented pricing prioritizes customer responsiveness and adjusts prices dynamically across the product life cycle. Price adjustments—particularly upward revisions—are employed experimentally to assess willingness-to-pay. Should demand decline significantly, downward price adjustments may be evaluated to mitigate customer attrition, always respecting the cost-derived price floor [5].

Competition-oriented pricing aligns price levels with those observed among key market competitors [2]. Strategic price undercutting may support market share expansion, while premium pricing requires demonstrable differentiation—such as enhanced functionality, service quality, or brand equity—to justify the higher cost to consumers.

Customer willingness-to-pay represents a central objective in modern pricing strategy. Direct measurement via structured surveys offers reliable insight into acceptable price ceilings [2]. Digital platforms facilitate efficient large-scale survey deployment, enhancing sample representativeness and analytical robustness.

Such surveys are optimally conducted prior to product launch and repeated post-introduction [6]. As users gain hands-on experience, their valuation of the product evolves—altering both perceived utility and price tolerance, thereby necessitating iterative pricing refinement.

2.2. Types of Pricing Policy Suitable for Krombacher

Krombacher, a well-known German beer brand, employs a combination of customer-oriented and competitive pricing policies to reinforce its brand positioning and sustain market competitiveness. Customer-oriented pricing aligns prices with the value perceived by consumers and their willingness to pay [7]. As a premium brand, Krombacher's pricing reflects the high quality and distinctive taste valued by its target audience.

The sustainability of customer-supplier relationships depends fundamentally on whether the company delivers meaningful functional and experiential advantages to customers in their respective markets—particularly relative to their own end users. Such advantages must be substantively differentiated from competing offerings. When products consistently meet customer expectations in this regard, relationships evolve toward collaborative partnerships grounded in mutual trust. Contemporary marketing research increasingly emphasizes trust as a foundational construct, recognizing its role in reducing uncertainty and fostering positive behavioral intentions [8]. High levels of trust are frequently accompanied by strong customer affinity, which further reinforces satisfaction, loyalty, and retention—key drivers of long-term organizational success.

Krombacher is likely to adopt a value-based pricing strategy, wherein price is determined primarily by consumers' perceived value rather than production cost or competitor benchmarks [9]. Under this approach, customers may accept higher price points when they associate the product with superior quality, authentic taste, or distinctive brand experience.

Segment-based pricing enables brands to tailor offerings and price points to distinct market segments, reflecting differences in purchasing power, consumption habits, and preference structures [10]. Krombacher may apply psychological pricing techniques—including tiered pricing structures and strategic product bundling—to enhance appeal and stimulate purchase intent. Competitive pricing involves continuous monitoring of rival strategies and broader market conditions; accordingly, Krombacher may temporarily adjust prices downward to facilitate market entry or accelerate share acquisition. In intensely contested environments, it may align prices closely with—or modestly undercut—those of key competitors, while simultaneously leveraging brand equity to differentiate its proposition.

While value-based pricing forms the core of Krombacher's approach, cost-plus pricing may be applied selectively to ensure baseline profitability, particularly for specific product lines or distribution channels where margin stability is prioritized [11].

In practice, Krombacher is likely to integrate customer-oriented and competitive pricing principles to advance its strategic objectives. The brand must uphold its premium positioning while maintaining responsiveness to dynamic market conditions.

For instance, it may maintain elevated pricing in established markets where brand equity is strongest, while adopting more adaptive pricing mechanisms in emerging markets or under heightened competitive pressure [2]. This integrated framework supports both customer acquisition and retention by enabling agile responses to external shifts without compromising brand integrity.

Price remains a central purchasing determinant; however, supplementary attributes—including service reliability, contractual flexibility, and pricing transparency—are gaining prominence. In business-to-business contexts, features such as price guarantees have become increasingly relevant amid volatile and upward-trending cost environments.

3. Analysis of Krombacher's Pricing Policy

3.1. Competitive Pricing Policy and Customer-Oriented Pricing Policy for Krombacher

Beer pricing policy, brand positioning theory, and consumer behaviour research are interrelated and essential components of marketing strategy that collectively contribute to a product's market success [12]. Beer pricing is shaped by multiple factors, including production costs, brand positioning, target market characteristics, competitive dynamics, distribution channel expenses, taxation, and overall market supply and demand conditions. Pricing strategies commonly employed include:

Cost-plus pricing—the most straightforward approach—determines the final selling price by adding a fixed profit margin to the unit cost of production. Competitive pricing aligns prices with those of key market rivals to maintain relevance and appeal within the category. Value-based pricing sets prices according to consumers' perceived value of the product, often applied for premium or differentiated offerings. Psychological pricing leverages cognitive response patterns—for instance, using prices ending in .99—to enhance perceived affordability and value. Introductory pricing employs strategically lower initial prices to encourage trial and build market presence, followed by calibrated adjustments over time. Brand positioning theory addresses how a brand establishes a distinct, clear, and meaningful identity in consumers' perceptions.

Organisations aim to deliver consistent satisfaction across their customer base; however, strategic resource allocation requires balancing service quality with operational efficiency. The target market defines the specific demographic and psychographic profile of intended consumers, along with their functional and emotional needs. Differentiation arises from distinctive attributes such as product quality, service excellence, pricing structure, or brand heritage. Consistent messaging ensures that core brand values and propositions are uniformly communicated across all marketing channels and customer touchpoints. Mindshare reflects the degree to which a brand occupies a prominent and favourable position in consumer memory—ideally becoming the default choice when relevant needs arise. Consumer behaviour research investigates the full lifecycle of consumption, encompassing selection, acquisition, usage, and disposal of products or services, as well as the underlying psychological, social, and contextual drivers [1]. Key stages include need recognition—the trigger prompting purchase consideration; information gathering—how consumers seek and evaluate product-related data; alternative evaluation—the comparative assessment of options; purchase decision—the final commitment to acquire; and post-purchase evaluation—encompassing satisfaction levels, usage experience, and likelihood of repurchase or recommendation.

Integrating brand positioning principles with rigorous consumer behaviour insights enables beer manufacturers to formulate pricing policies that effectively serve their target audiences while reinforcing or enhancing brand equity and mental availability [13].

3.2. How Pricing Policy Can Achieve Marketing Goals in Different Markets

A SWOT analysis of Krombacher's competitors and their pricing policies on the German and global markets provides insight into Krombacher's comparative position in terms of strengths, weaknesses, opportunities, and challenges.

Strengths include strong brand loyalty and reputation: Krombacher maintains a prominent market position in Germany, supported by its long-standing brewing tradition and consistent product quality.

Product quality remains a key differentiator, with Krombacher beers recognized for their distinctive flavor profile and rigorous quality standards, contributing to favorable consumer perceptions.

Market experience constitutes another advantage; with over two centuries of operation, the company has developed deep expertise in brewing craftsmanship and strategic marketing execution.

Premium positioning is reinforced through pricing strategy, aligning price levels with perceived quality and heritage to attract consumers prioritizing authenticity and excellence. Understanding consumer behavior requires moving beyond basic demographic indicators; effective segmentation increasingly depends on insights into attitudes, values, and contextual decision-making patterns within specific industry environments.

Weaknesses include sensitivity to price dynamics in certain markets, particularly those with developing economies where affordability strongly influences purchasing behavior. The global beer sector features intense competition from both multinational enterprises and regional craft producers, some of whom offer more competitive pricing in specific segments. Digital commerce initially emphasized supplier-driven capabilities—such as optimized online presentation, intuitive navigation, streamlined ordering and payment workflows, and responsive customer support—before search engine optimization introduced additional strategic dimensions. Additionally, Krombacher's product portfolio is comparatively narrower than those of larger industry players, potentially limiting its ability to serve diverse consumer preferences across all market segments.

Opportunities exist in emerging regions, including parts of Asia and Latin America, where rising disposable income and evolving consumption habits may support demand growth. Growing consumer interest in health-conscious and naturally sourced products presents an avenue for innovation—for example, low-alcohol or non-alcoholic variants and formulations emphasizing natural ingredients.

Technological advancements offer potential for enhanced operational efficiency and cost optimization, enabling strategic flexibility in pricing while preserving premium brand equity.

Risks encompass macroeconomic fluctuations that may reduce discretionary spending on premium beverages, as well as regulatory developments—including shifts in taxation frameworks and import-related levies—that could impact pricing structures and margins across international markets. Competitive differentiation through novel product formats, packaging innovations, or targeted communication approaches may necessitate adaptive responses in pricing and portfolio strategy. Krombacher's pricing policy consistently reflects its commitment to quality and distinctiveness; however, responsiveness to local market conditions and competitive intensity is essential. Strategic adjustments—such as value-oriented pricing in highly contested markets or introductory pricing in new markets—can support market entry and trial, provided they are implemented without compromising long-term brand positioning. Sustained profitability and pricing competitiveness can be achieved through continuous improvements in operational efficiency and disciplined cost management.

3.3. Increasing Competitiveness in the Market

Enhanced market positioning: By analysing competitors' pricing approaches, Krombacher can adopt more responsive pricing to appeal to cost-conscious consumers. Market share expansion: Strategic price adjustments—particularly in emerging or highly price-sensitive markets—can boost sales volume and support broader market presence. Elevated customer satisfaction: Aligning prices with the perceived value expectations of diverse consumer groups contributes to improved satisfaction levels [1]. Distinctive market positioning: Segment-specific pricing enables Krombacher to articulate a differentiated value proposition, reinforcing its competitive standing.

To assess customer value effectively, it is essential to clarify how value is generated and identify the underlying drivers [3]. This section aims to develop that understanding. To structure the multifaceted relationships involved, the customer value driver hierarchy is introduced. This framework distinguishes between value components and value

determinants. The influence of key components and determinants on overall customer value is subsequently examined.

Margin pressure: Overreliance on aggressive pricing—especially without robust cost management—may compress profit margins. Brand perception risk: Sustained emphasis on lower pricing may dilute Krombacher's premium brand positioning and affect consumer perceptions of quality. Operational complexity: A customer-focused pricing approach demands rigorous market research and advanced data analytics, raising implementation challenges. Strategic fragmentation: Excessive segmentation may disperse resources and weaken strategic coherence across markets.

Market entry acceleration: In intensely contested environments, adaptive pricing supports swift market entry—particularly in new geographic or demographic markets. Agile responsiveness: Such pricing enables timely reactions to dynamic market developments, including competitor initiatives or product launches, helping sustain commercial momentum. Targeted outreach: Customer-aligned pricing enhances marketing precision, improving both efficiency and impact. Strengthened brand affinity: Delivering tailored product and service experiences fosters deeper consumer engagement and encourages repeat patronage [9].

Sustained competitive pressure: Aggressive pricing dynamics may trigger industry-wide margin erosion. Reduced brand attachment: Frequent price adjustments may cause consumer uncertainty and weaken long-term brand commitment. Informational constraints: Accurately capturing and interpreting the value perceptions and willingness-to-pay profiles across heterogeneous segments remains challenging; misjudgements in this area may result in suboptimal pricing decisions.

Reference value reflects the anticipated contribution—positive or negative—that customers make to organisational objectives through word-of-mouth and peer influence. This contribution manifests through revenue effects and cost implications. Positive referrals facilitate customer acquisition and reinforce loyalty, purchase frequency, and average transaction value among existing customers—thereby enhancing sales stability and relationship longevity. Typically, such advocacy incurs minimal or no direct cost, as referrers receive no formal compensation. Compared with broad-reach mass media campaigns, referral-based outreach delivers substantial cost efficiencies. Moreover, favourable peer endorsements cultivate more receptive attitudes toward brand messaging, thereby amplifying the effectiveness of promotional efforts.

Integrating responsive pricing with customer-aligned pricing allows Krombacher to pursue distinct marketing objectives across varied market contexts [8, 11]. In highly contested environments, responsive pricing supports agility and competitiveness; in selected segments, customer-aligned pricing enables personalisation, strengthens brand affinity, and supports sustainable market development. Concurrently, Krombacher must ensure pricing decisions remain consistent with brand equity and operational cost discipline to safeguard long-term profitability and strategic positioning.

3.4. Analysis of the Impact of Price Changes on Market Share in Terms of Volume and Brand Image

Brand identity fundamentally determines the intended representation of a brand in the perception of consumers, whereas brand image embodies the external perception, comprising the collective associations the target demographic actually holds regarding the brand. Consequently, a primary objective of strategic brand management is to systematically align the external brand image with the internal brand identity whenever perceptual discrepancies arise. Within this theoretical context, price modifications constitute a critical strategic decision for any enterprise, directly influencing sales volume, market share, and overall brand perception. For a prominent beer manufacturer such as Krombacher, the implications of pricing adjustments are particularly profound, given the highly competitive nature of the global beer industry and the relative price sensitivity of its core consumer base. Implementing price reductions frequently stimulates volume expansion, particularly in markets characterized by high price elasticity [7]. This

phenomenon occurs because consumers perceive such adjustments as advantageous purchasing opportunities, or because the brand achieves a more compelling price-value proposition relative to its direct market competitors.

Conversely, implementing a price increase may precipitate a notable decline in sales volume unless consumers perceive sufficient intrinsic value to justify the elevated financial cost. In certain market scenarios, however, a moderate price elevation can function as a strong signal of superior product quality, thereby attracting discerning consumers seeking a premium market experience [6]. To effectively communicate the established brand identity and efficiently promote products to specific target demographics, organizations must systematically identify and optimize all potential consumer touchpoints. Achieving this strategic alignment requires a foundational understanding of the complex communication and consumption pathways utilized by both current and prospective buyers, ensuring that every interaction consistently reinforces the intended market positioning.

Pricing adjustments exert a direct and measurable influence on the competitive positioning of Krombacher relative to its industry rivals. By strategically lowering prices, the brand can potentially expand its overall market share by capturing customers who would otherwise patronize competing products [11]. Conversely, elevating prices without corresponding value additions may result in a gradual loss of market share to competitors offering more economical alternatives. Furthermore, price serves as a critical, highly visible indicator of market positioning. Should Krombacher elect to transition into the premium market segment, it becomes absolutely imperative to sustain or elevate price points to preserve and reinforce its status as a premium brand.

Consumers frequently evaluate product value through the psychological lens of its pricing. If Krombacher reduces its prices excessively, it risks significantly degrading the brand image and prompting consumers to question the underlying quality or intrinsic value of the product. Conversely, a strategically calibrated price increase can fortify the perception of the brand as a premium, high-quality offering. Pricing modifications also significantly influence long-term consumer loyalty. Frequent price fluctuations can generate consumer confusion and lead to negative consumer perceptions, whereas stable pricing structures facilitate the development of trust and enduring loyalty. Furthermore, consumer expectations regarding future price adjustments can profoundly shape their overall brand perception; anticipating price hikes may accelerate purchasing behavior, while expecting price drops can lead to purchase deferral. Regarding promotional mechanics, accumulating discounts throughout the year or distributing them at year-end via a dedicated virtual account—established post-registration and disbursed on fixed dates—offers structural benefits. Allowing customers to redeem these accumulated discounts flexibly throughout the year enhances customer orientation, albeit at the cost of increased administrative processing. Ultimately, Krombacher must carefully balance sales volume, market share, and brand image when formulating pricing decisions. While a price reduction might stimulate short-term sales, it could prove detrimental long-term if it erodes brand equity. Similarly, when elevating prices to enhance brand prestige, meticulous care is required to prevent undue pressure on sales volume and market share. Additionally, the brand must integrate broader variables, including prevailing market conditions, consumer behavior patterns, competitor dynamics, and internal cost structures. Executing comprehensive market research to ascertain the price sensitivity and core values of target demographics, alongside rigorous competitor monitoring, constitutes a vital prerequisite for pricing strategy formulation. Through a meticulously designed pricing framework, Krombacher can effectively leverage price as a strategic instrument to accomplish its marketing objectives while simultaneously preserving and elevating its brand image.

4. Implementation and Adaptation of Krombacher's Pricing Policy

4.1. Adjusting Pricing Policy Based on Market Feedback and Competitive Dynamics

Krombacher demonstrated enhanced responsiveness to evolving market conditions, refining its pricing strategy to sustain competitiveness while reinforcing brand equity and supporting long-term business objectives. A representative scenario illustrates this adaptive process: in a key market, Krombacher observed that a competitor had recently introduced several new beer variants at marginally lower price points. Concurrently, consumer research indicated heightened price sensitivity among certain segments, with a tendency to trial novel offerings when priced attractively. The company leveraged online questionnaires and social media platforms to collect direct consumer feedback on the competitor's new products—particularly regarding perceived value, taste profile, and price acceptability. Simultaneously, internal sales analytics were deployed to assess whether recent shifts in demand for Krombacher's own portfolio correlated with the competitor's launch. Information gathered through these channels encompassed insights into customer expectations, product quality perceptions, opportunities for service or process enhancement, emerging preferences, competitive performance indicators, and broader industry trends—data applicable at individual, segmental, or aggregate levels.

Krombacher's market analysis team conducted comprehensive evaluations of the competitor's pricing architecture—including introductory pricing, promotional cadence, and positioning rationale—while concurrently reviewing internal cost drivers such as raw material procurement and production efficiency. This dual assessment clarified the feasible range for tactical price adjustments without compromising profitability targets. Based on integrated findings, the company implemented a multi-pronged response: time-bound promotional initiatives—including 'buy one, get one free' offers and targeted discounting—were rolled out selectively across affected product lines to stimulate repurchase behavior. Parallel efforts included accelerated product innovation, introducing distinct beer formulations to strengthen differentiation; for newly launched variants, an introductory pricing tier was adopted to lower trial barriers. Additionally, a dynamic pricing framework was piloted for core SKUs, enabling real-time price modulation aligned with demand signals and inventory status—modest upward adjustments during peak demand periods and downward adjustments during inventory accumulation phases. The revised approach was first deployed in controlled regional or channel-specific pilots, with performance rigorously tracked via sales volume metrics, margin analysis, qualitative customer feedback, and brand sentiment indicators. Transparent communication accompanied all pricing actions, articulating strategic rationale to uphold brand credibility and trust. Upon conclusion of the pilot phase, cross-functional stakeholders convened to evaluate outcomes holistically; successful results triggered phased scale-up, whereas suboptimal performance prompted iterative refinement—including recalibration of promotional tactics or algorithmic parameters governing price elasticity thresholds.

Both experiential marketing initiatives and digital engagement strategies emphasize bidirectional interaction with consumers. Integration of social media platforms facilitates deeper co-creation, enabling customers to contribute meaningfully to event conceptualization—such as shaping thematic content or influencing venue selection—thereby elevating their role from passive recipients to active participants [1]. This participatory model enhances integration depth and strengthens relational bonds. Drawing upon lessons from short-term tactical adaptations, Krombacher advanced its strategic pricing framework by institutionalizing continuous market intelligence gathering, pursuing structural cost optimization, and launching initiatives designed to cultivate enduring brand loyalty—reducing reliance on price-driven acquisition and retention mechanisms. Relationship marketing principles underpin this evolution, centering organizational efforts on sustained customer satisfaction through personalized engagement, proactive service delivery, data-informed outreach, and consistent relationship stewardship—capabilities increasingly recognized as critical differentiators in mature markets.

This structured, evidence-based adaptation process enabled Krombacher to calibrate its pricing strategy with greater precision and contextual awareness—effectively

navigating competitive pressures and market volatility while simultaneously reinforcing consumer perception of brand integrity, consistency, and responsiveness. The outcome supported measurable progress in sales growth, market share expansion, and long-term brand equity development.

4.2. Response to External Factors Such as Cost Increases and Exchange Rate Fluctuations

As a German brewery, Krombacher employs a range of strategies to safeguard its profitability, market position, and brand image amid external economic pressures, including rising input costs and exchange rate volatility [9].

Optimising supply chain management—such as sourcing raw materials more cost-effectively, enhancing production efficiency, integrating automation and digital technologies to reduce labour requirements, streamlining internal processes to minimise waste, and improving energy and water use efficiency—supports operational resilience. Regarding customer incentives, discounts may be distributed either periodically throughout the year or consolidated into a single annual payout, recorded in a dedicated account established post-registration and disbursed on predetermined dates. Alternatively, customers may be granted flexibility to redeem discounts incrementally during the year, which increases administrative complexity but enhances responsiveness to customer needs.

Pricing adjustments are aligned with underlying cost developments, implemented judiciously to preserve brand equity while ensuring cost recovery and sustainable profit margins. Introducing more cost-efficient product variants—such as beers formulated with alternative ingredients or simplified production methods—complements this approach. Simultaneously, increasing the share of higher-value offerings through innovation and product differentiation helps offset cost inflation. Regular market research and behavioural analysis inform pricing decisions by gauging consumer sensitivity to price changes, assessing purchasing power, and aligning prices with perceived value in target segments.

Cost considerations constitute a foundational element of pricing strategy. A thorough assessment of internal cost structures typically serves as the initial step in price determination. In competitive markets, sustained viability generally requires that prices cover total unit costs over the long term; otherwise, financial sustainability is compromised. This establishes a long-term price floor. In contrast, short-term pricing flexibility may be guided by variable unit costs—particularly when production capacity remains underutilised.

Financial hedging instruments—including forward foreign exchange contracts, currency swaps, and options—are deployed to lock in future exchange rates and mitigate uncertainty arising from currency fluctuations. Collaboration with financial institutions further enables access to specialised risk-mitigation products and advisory services.

Geographic diversification of sales markets across multiple currency zones reduces concentration risk associated with exchange rate movements [5, 9]. Strengthening local market intelligence and operational adaptability allows for timely responses to macroeconomic shifts and currency dynamics in individual regions.

Internal risk governance frameworks are reinforced through the establishment of comprehensive financial risk management systems, supported by periodic audits and structured risk assessments.

Employee capability in identifying and responding to exchange rate-related challenges is systematically enhanced, ensuring cross-departmental agility in adapting to evolving market conditions.

Through these integrated measures, Krombacher maintains competitiveness amid cost inflation and exchange rate volatility, thereby reinforcing long-term financial stability, market standing, brand reputation, and stakeholder confidence.

4.3. Differences between Krombacher's Pricing Strategies in Different Countries or Regions and the Reasons for These Differences

As an international beer brand, Krombacher's pricing policies vary across countries and regions due to multiple interrelated factors, including cost structure, market demand, consumer purchasing power, competitive dynamics, regulatory frameworks, exchange rate fluctuations, distribution channel efficiency, brand positioning, and cultural context. Cost structures differ significantly by location: within the European market, export costs to neighboring countries remain relatively low owing to Krombacher's production base in Germany; however, transportation expenses rise substantially for distant markets such as Asia, Africa, or South America [3]. Additionally, import duties and levies imposed by individual countries contribute directly to final retail pricing. For instance, higher import tariffs on beer in certain jurisdictions necessitate elevated local pricing. Market demand and purchasing power further shape strategy—consumers in high-income economies such as Germany, the United States, or Canada often demonstrate greater willingness to pay premium prices for quality-assured products, whereas in developing markets like India or Brazil, a more accessible price point may be adopted to broaden consumer reach.

Competitive intensity also influences pricing decisions: in saturated beer markets such as Belgium or the Czech Republic, Krombacher may adjust pricing to maintain competitiveness, while in less crowded markets—including some in Africa—it may exercise greater pricing flexibility. Fiscal policies governing alcoholic beverages exert direct influence on end-consumer prices; for example, higher excise taxation in the United Kingdom elevates the final retail cost, whereas jurisdictions with lower or exempted tax rates—such as Andorra—enable comparatively lower pricing. Exchange rate volatility further affects multinational pricing strategies: when production costs are predominantly denominated in euros but sales revenue is realized in other currencies (e.g., US dollars), currency fluctuations introduce cost variability that must be reflected in local pricing to sustain margin stability [7].

Conclusion: The implementation of trust-based change management is essential for successful change processes, including structural reorganisation, automation initiatives, and software and technology projects. Empirical evidence indicates that trust significantly enhances organisational adaptability and stakeholder engagement during transitions; consequently, the temporary decline in performance often observed during change need not be inevitable—and should not be treated as an expected or acceptable outcome. Pricing strategies for the Krombacher brand vary across markets due to contextual factors such as brand positioning, cultural adaptation, logistics infrastructure, regulatory frameworks, and consumer purchasing power. In Germany, pricing reflects proximity to production facilities, lower distribution costs, and strong domestic brand affinity. In the United States, higher prices account for extended transportation distances and import-related expenses. In select developing economies, such as Kenya, pricing is calibrated to local affordability while preserving perceived value. In highly competitive environments like Australia, flexible pricing—supported by targeted promotions—helps sustain market relevance. Across all regions, Krombacher aligns its pricing with local economic conditions, competitive dynamics, and strategic brand objectives to support sustainable growth, profitability, and long-term competitiveness without compromising brand equity.

5. Summary

Krombacher employs a differentiated pricing strategy aligned with distinct markets, consumer segments, and product categories—enhancing market coverage, meeting diverse consumer expectations, and supporting profitability. Complementing cost-plus considerations, the company integrates value-based elements, leveraging brand narrative, quality assurance, and distinctive flavour profiles to justify premium positioning. In response to rising input costs, exchange rate volatility, and intensifying competition, Krombacher demonstrates notable strategic agility, enabling timely recalibration of pricing levers. Its global operations reflect adaptive brand positioning, tailoring both messaging and price architecture to local cultural contexts and consumption preferences—thereby strengthening regional competitiveness. Risk mitigation is achieved through supply chain optimisation, geographically distributed production, and prudent

financial planning, collectively reinforcing cost discipline and resilience against macroeconomic headwinds. Looking ahead, Krombacher's pricing strategy should deepen digital transformation—particularly through the integration of big data analytics and artificial intelligence—to improve demand forecasting accuracy and granular understanding of consumer behaviour, thereby grounding pricing decisions in robust empirical insights. Sustainability commitments must be systematically embedded into pricing frameworks, including green packaging initiatives and resource-efficient brewing practices, to resonate with ethically oriented consumers. Further opportunity exists in expanding personalised product offerings—capitalising on willingness-to-pay for experiential differentiation and co-creation. Continuous, rigorous market research remains foundational: only sustained insight into evolving consumer needs, emerging trends, and competitive dynamics enables evidence-informed pricing design. Equally critical is organisational responsiveness—regular evaluation of pricing performance, coupled with iterative adjustments aligned to real-time market signals, sustains competitive advantage and underpins long-term growth. Integrating disciplined research with adaptive execution positions Krombacher to navigate future uncertainty while advancing strategic objectives.

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