



GO-TO-MARKET & PRICING

Why a price does not move

A firm can leave a price unchanged because changing it costs a relationship, a coordination process, and a reference point before it costs a menu.

Sinan Isoglu, MBA (Quantic)

Commercial growth leader, lecturer and doctoral researcher

PUBLISHED

29 August 2026

READING TIME

8 min

WORDS

1,828

<https://isoglu.com/insights/journal/why-a-price-does-not-move/>

Management summary	2
Why does contract pricing function as an implicit relationship promise in B2B?	3
Why are menu printing costs dwarfed by relational renegotiation friction?	3
Why does price rigidity exhibit asymmetric stickiness in downward versus upward shifts?	4
Which diagnostic question should commercial teams ask before adjusting prices?	4
What analytical sequence must teams follow before passing inflation to accounts?	5
How can commercial leadership separate internal excuses from empirical price resistance?	5
How should pricing leaders structure a reversible adjustment test before full rollout?	6
What documentation ensures a price increase survives executive and customer scrutiny?	6
Where are the empirical boundaries of macroeconomic price stickiness theory?	6
References	7

MANAGEMENT SUMMARY

A price can remain unchanged while costs, demand, and liquidity move around it. The reason is often not a missing formula. Firms report customer relationships, implicit contracts, explicit contracts, and coordination failure as reasons to postpone a change. A detailed field study also shows that managerial and customer costs can outweigh the mechanical cost of printing or updating a price. That does not make every price sticky, and it does not create a universal rule about price increases. It gives a better question: what has to be renegotiated, coordinated, and explained before this firm can change the number? This evidence review separates those costs from buyer-side fairness reactions and ends with a small decision record for testing the adjustment burden without using private operating data.

Keywords: Price rigidity · Price adjustment · Customer relationships · Implicit contracts · Pricing decisions

A firm can leave a price unchanged because changing it costs a relationship, a coordination process, and a reference point before it costs a menu. That is the useful meaning of price rigidity. It is a decision to delay adjustment under a bundle of internal and external costs, not proof that the firm missed the market.

The distinction matters because two different questions are often merged. One asks why the firm does not change its number. The other asks how a buyer judges a number after it changes. The first is the subject here. The second belongs to the fairness and reference-price literature, and it is not a substitute for studying the firm's adjustment process.

Why does contract pricing function as an implicit relationship promise in B2B?

Price-setting surveys in the euro area put customer relationships, implicit contracts, explicit contracts, and coordination among the reasons firms give for postponing price changes (Fabiani et al., 2006). In the survey, implicit contracts rank above explicit contracts among the listed explanations (Fabiani et al., 2006). This does not mean every firm has made a promise in the legal sense. It means that a number can become part of what the customer expects the relationship to provide.

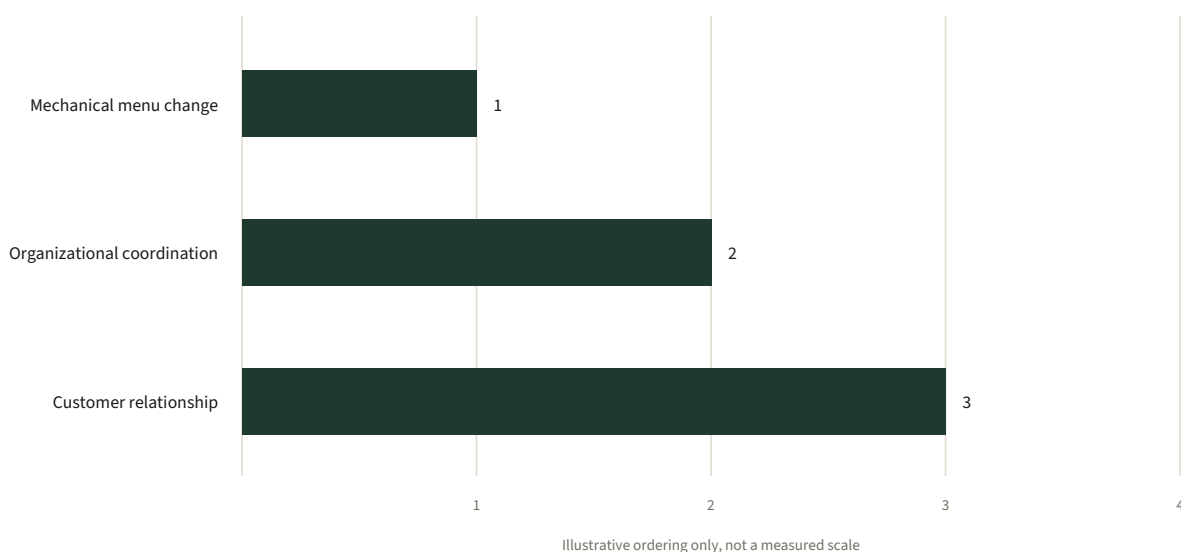
That expectation changes the internal decision. A price review is no longer only a calculation of cost, demand, and margin. Someone must decide whether the previous number is still a commitment, whether a change needs an explanation, and whether the explanation will be consistent across salespeople, channels, and customer groups. A firm that cannot answer those questions can rationally postpone a mathematically attractive adjustment.

Why are menu printing costs dwarfed by relational renegotiation friction?

The phrase menu cost makes price rigidity sound mechanical. A firm prints a catalogue, changes a system field, or updates a website. Those tasks exist, but the direct field study by Zbaracki and colleagues decomposed the cost of price adjustment into managerial, customer, and menu components (Zbaracki et al., 2004). In the one firm they studied, managerial and customer costs were much larger than the mechanical menu costs. The result is a case finding, not a multiplier for another business.

The mechanism is easy to recognize without importing that case into a local setting. Managers need to collect information, approve a change, brief a team, and handle exceptions. Customers need to understand what moved and why. The organization then has to make the same change coherent across contracts, quotes, systems, and conversations. Each handoff is a possible source of delay.

Figure 1 The adjustment burden sits outside the menu



Author's conceptual model grounded in Fabiani et al. (2006) and Zbaracki et al. (2004). The ordering is illustrative, not a measured cost ratio.

Why does price rigidity exhibit asymmetric stickiness in downward versus upward shifts?

The adjustment burden does not make price movement impossible. It can make one direction easier to defend than another. The fairness model in Kahneman, Knetsch, and Thaler predicts greater resistance to price increases that violate a reference entitlement than to changes that preserve the firm's reference profit (Kahneman et al., 1986). That is a proposition from a fairness model, not a general estimate of customer behaviour in every B2B market.

The financial environment can also reverse the apparent direction of rigidity. Gilchrist and colleagues find that liquidity-constrained firms raised prices while unconstrained firms cut prices in the 2008 setting they study (Gilchrist et al., 2017). The result is useful because it breaks a lazy story: a firm under pressure does not always cut price to protect demand. A cash constraint can make immediate revenue more important than volume. The finding remains tied to its period, sample, and model.

Which diagnostic question should commercial teams ask before adjusting prices?

Before asking whether the new price is correct, write down what the change has to pass through:

- 1 Relationship. Which customer expectation, implicit contract, or reference point could the change disturb?
- 2 Coordination. Which teams, systems, channels, and exceptions must carry the same number?
- 3 Explanation. What can the firm say that is true for the affected buyer and repeatable for the people who represent it?
- 4 Reversal. What evidence would show that postponing the change was less costly than making it?

The record can stay small. The point is not to invent a price-rigidity score. It is to distinguish a delay caused by a real adjustment burden from a delay caused by an untested assumption. A price that does not move has a reason. The reason should be named before the next market signal is used to judge it.

What analytical sequence must teams follow before passing inflation to accounts?

The survey evidence identifies reasons for postponement, but it does not establish one universal order in which every firm experiences them (Fabiani et al., 2006). A price review still has a sequence that can be made visible. First, a signal creates pressure to revisit the number. Second, someone decides whether the signal is relevant to the price rather than to another part of the offer. Third, the firm chooses a direction and a scope. Fourth, the change is translated across contracts, channels, systems, and conversations. Finally, the firm observes whether the new number created the expected result or a new burden.

The sequence is an author framework, not an empirical process map. Its value is diagnostic. If a firm cannot name the signal, it may be reacting to noise. If it has a signal but no direction, the delay may be a governance problem. If the direction is clear but the translation is missing, the mechanical change can be ready while the relationship is not. A frozen number can therefore be the visible symptom of different unresolved decisions.

This also explains why the same price can remain unchanged in two firms for different reasons. One may be protecting an implicit contract. Another may be unable to coordinate exceptions. A third may not know how to explain the change to customers whose reference point was set by an earlier quote. The number is identical. The adjustment burden is not.

How can commercial leadership separate internal excuses from empirical price resistance?

The claim that the market will not accept the change is a conclusion, not yet an adjustment record. A usable record keeps the observation, interpretation, and response apart. The observation might be a cost movement, a change in demand, a liquidity constraint, a contract renewal, or a new competitor reference. The interpretation says what that signal might require. The response says whether to change, delay, or learn before acting.

Zbaracki and colleagues show why this separation matters. Their field study decomposes managerial, customer, and menu components, with the first two much larger than the mechanical component in the firm observed (Zbaracki et al., 2004). The finding does not prove that a different firm has the same proportions. It does show that a price-change explanation should not stop at the system field or catalogue. Ask who must approve the change, who must explain it, which exceptions must be reconciled, and which customer expectation could be disturbed.

The record should also contain a competing explanation. A delay may reflect a real relationship burden, but it may instead reflect unclear ownership, an untested demand assumption, or a missing decision rule. Naming those alternatives prevents the adjustment story from becoming a permanent justification for inaction.

How should pricing leaders structure a reversible adjustment test before full rollout?

The next move does not have to be a full price reset. A reader-run test can begin with one defined offer, one stated direction, and one observation window. Write the old reference, the proposed change, the customer or contract condition that makes the change difficult, and the coordination route that would carry it. Then write what would count as evidence that the burden was overstated.

If the setting permits a public or synthetic comparison, hold the offer constant and vary only the explanation or the timing assumption. If it does not, leave the field blank rather than inventing a local response rate. The test is about the decision boundary, not about manufacturing a benchmark.

The liquidity result from Gilchrist and colleagues is a useful reminder to keep the direction open: the constrained firms in their 2008 setting raised prices while unconstrained firms cut them (Gilchrist et al., 2017). That reversal is not a rule to copy. It is a reason to ask which financial constraint is active and whether the proposed response protects cash, volume, margin, or the relationship.

What documentation ensures a price increase survives executive and customer scrutiny?

A compact record can carry the whole argument:

- 1 Trigger. What changed and when was it observed?
- 2 Object. Which price, offer, contract, or customer group is actually under review?
- 3 Burden. Is the obstacle mechanical, organizational, relational, explanatory, or some combination?
- 4 Direction. Why is an increase, decrease, hold, or staged test the current response?
- 5 Disconfirmation. What result would show that the burden or the direction was misread?
- 6 Owner. Who can revise the decision when that result appears?

This record does not make prices flexible by decree. It makes a delay legible. That is the useful standard for a price that does not move: not that it moved quickly, but that the reason for waiting can be examined and changed.

Where are the empirical boundaries of macroeconomic price stickiness theory?

The literature supports several mechanisms of firm price rigidity and a few setting-specific reversals. It does not support a universal menu-cost ratio, a rule that contracts are the only cause, or a claim that financial stress always produces price increases. The practical test is to trace the relationship, coordination, and explanation burden in the setting being studied.

This question connects to pricing as positioning and the price increase judged before it is paid, where the buyer's reference point and fairness event are separated from the firm's adjustment decision. When conceding ground to individual accounts, remember that a discount to one buyer can cost the others by resetting expectations across the customer portfolio.

REFERENCES

- Fabiani, S., Druant, M., Hernando, I., Kwapil, C., Landau, B., Louprias, C., Martins, F., Mathä, T., Sabbatini, R., Stahl, H., and Stokman, A. C. J. (2006). What firms' surveys tell us about price-setting behavior in the euro area. *International Journal of Central Banking*, 2(3). <https://www.ijcb.org/journal/ijcb06q3a1.htm>
- Gilchrist, S., Schoenle, R., Sim, J., & Zakrajšek, E. (2017). Inflation dynamics during the financial crisis. *American Economic Review*, 107(5), 785-823. <https://doi.org/10.1257/aer.20150248>
- Kahneman, D., Knetsch, J. L., & Thaler, R. H. (1986). Fairness as a constraint on profit seeking: Entitlements in the market. *American Economic Review*, 76(4), 728-741. <https://www.jstor.org/stable/1806070>
- Zbaracki, M. J., Ritson, M., Levy, D., Dutta, S., & Bergen, M. (2004). Managerial and customer costs of price adjustment: Direct evidence from industrial markets. *Review of Economics and Statistics*, 86(2), 514-533. <https://doi.org/10.1162/003465304323031085>

END OF ESSAY

HOW TO CITE THIS ESSAY

Isoglu, S. (2026, August 29). Why a price does not move. Sinan Isoglu.
<https://isoglu.com/insights/journal/why-a-price-does-not-move/>

KEEP READING

Go-to-market & pricing

What is price adjustment cost? Changing a price changes more than a number

<https://isoglu.com/insights/journal/what-is-price-adjustment-cost/>

Go-to-market & pricing

Pricing architecture is a system, not a price list

<https://isoglu.com/insights/journal/pricing-architecture-is-a-system-not-a-price-list/>

Go-to-market & pricing

Dynamic pricing needs a trigger, constraint, and explanation

<https://isoglu.com/insights/journal/dynamic-pricing-needs-a-trigger-constraint-and-explanation/>



Sinan Isoglu, MBA (Quantic)

Commercial growth leader, lecturer and doctoral researcher