

Soft Steps, Firm Margins: Subtle Price Adjustments in Inflationary Markets

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ABSTRACT

This study investigates how firms can strategically adjust prices during periods of high inflation without eroding profitability or customer loyalty. Using a large-scale panel dataset of 143,000 books from Türkiye's leading online bookstore, we analyze the pricing behavior of 50 major publishers between April and October 2022—a period marked by rapid inflation. We develop a two-dimensional behavioral clustering framework that captures both the frequency and magnitude of publishers' price adjustments, enabling the identification of distinct pricing strategies under inflationary pressure. The analysis reveals two dominant approaches: incremental, frequent price adjustments and infrequent but large, one-shot increases. Empirical results show that moderate, steady price adjustments outperform aggressive hikes in sustaining revenue and profitability. Profit analysis across multiple cost-margin scenarios further highlights that the persistence of price changes—rather than their magnitude—plays a more decisive role in financial performance. Overall, the findings contribute to pricing and inflation management literature by offering a data-driven framework for classifying firm behavior and evaluating performance under volatile macroeconomic conditions. The study provides actionable insights for managers seeking to balance margin preservation, consumer perception, and competitive positioning during inflationary periods.

Keywords: Inflation, Publishers, Pricing, Price Hike, Business Cycles, Panel Data