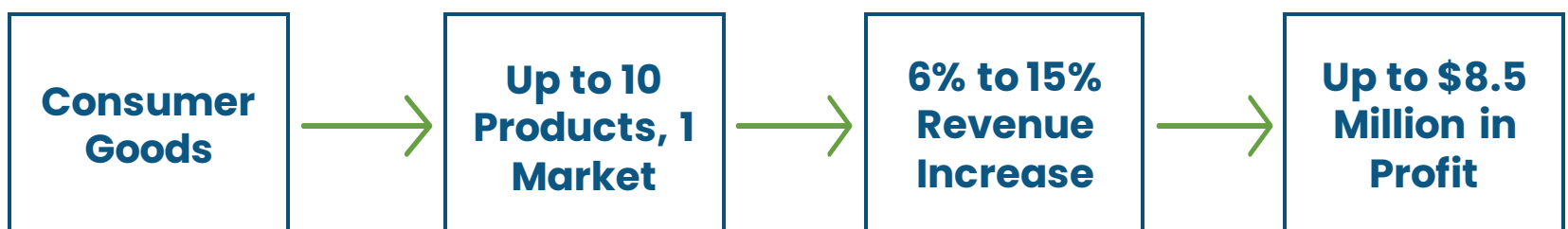




# CASE STUDY:

## Comparative Willingness-to-Pay Study



[BOOK A DEMO](#)

# How a major consumer brands company can increase revenue by \$8.5 Million (6%–15% revenue increase).

## CASE

This global brand of sweet snacks is considered a market leader within the market tested for this study and had a need to understand consumer's willingness-to-pay for their brand and main competitors across specific sizes and flavors for current and new products.

The team wanted to understand the price sensitivity and absolute price point on existing key products for their brand and competitors as well as understand and compare the brand perceptions from the eyes of consumers.

Finally, there was a need to understand what would be their profit at each price point and ultimately how they can optimize profit across their portfolio for current product, potential new product but also if there was a need to apply a PPA strategy.

## OBJECTIVES

Together with the major consumer brands company we highlighted key objectives for the study.



Understand elasticity for all products tested across all the brands and impact of price increases.



Understand price sensitivity, thresholds not to cross and if absolute price point is the ultimate decision driver (as opposed to \$ / unit) to understand the need for PPA strategy.



Understand profitability at every price point and establish optimal price points to maintain or tailor existing portfolio.

# METHODOLOGY

The recommended methodology for this client was PriceBeam's Revenue Growth Management study which is a combination of **Comparative Willingness-to-Pay** study and **Value Attribute (CBC)** study.

The CWtP study type helped the client understand psychological price points, pricing thresholds and price cliffs as well as channel segmentation whilst the Value Attribute study enabled them to understand what are the primary value driver and use PriceBeam's Market Simulation tool.

## SOLUTIONS

How PriceBeam was able to achieve the objectives for the major brand.



Smaller format across most products and brands were very inelastic from the current price points up to 10% price increase due to an observed price indifference. Larger formats tested suffered from an important Price Cap, limiting price increase opportunities.



Smaller format for our client, and across competitors, suggest that minor to moderate volume loss appears after applying a 10% price increase. Larger format suffer from significant volume lost beyond the current price point or up to 10% (Brand and SKU dependent).

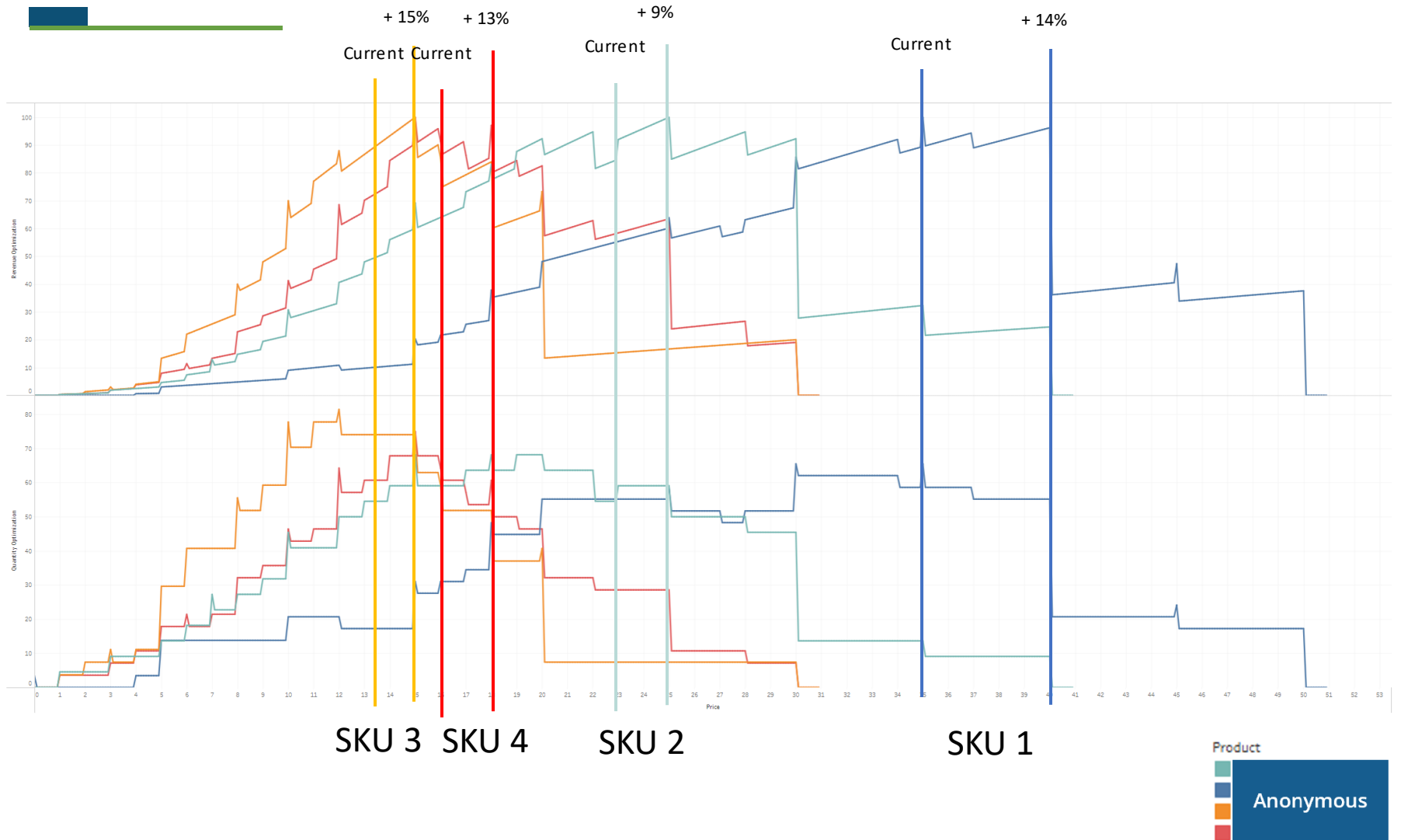


Price increase were mostly identified across the category.

Across our clients' whole portfolio, we observed **opportunities to increase prices between 6% and 15%** but at a moderate volume trade-off in some cases (up to 10%).

Price increases could see **revenue increase by up to \$4.5 millions**, and an **overall portfolio increase in profit up to \$8.5 millions**.

# RESULT



## EXECUTIVE SUMMARY

Psychological price cliff observed mostly at every \$1.00 and \$1.25 on small formats.

Price cap observed across larger pack sizes regardless of flavor or brand at \$2.00.

PPA suggests that smaller formats provide better \$ / 100g than large sizes.

Psychological price point observed mostly every \$0.25 for the category suggesting any price point set in-between (e.g.: \$1.10 or \$1.20) are not optimal.

Healthy space for the brands as there is scope for price increases on 6 out of 8 of their existing SKUs.

Possibility of a 13-15% price increase on SKUs 60g or less. More moderate price increase, 5% to 8%, on larger SKU.

# ABOUT PRICEBEAM

Access to independent,  
statistically representative  
respondents in **127** markets

Cloud-based market research software for pricing operating in 127 countries worldwide and industry-agnostic. PriceBeam enables brands to make more informed decisions around pricing on subjects such as consumers' willingness-to-pay, competitive pricing position, new market pricing and much more by our combination of scientific methods and precise insights based on the market.



# PRICEBEAM PRODUCTS

 <b>01</b> Willingness-to-Pay	 <b>02</b> Comparative Willingness-to-Pay	 <b>03</b> Value Attributes (CBC)	 <b>04</b> RGM Study (VA+CWtP)	 <b>05</b> Promotion Lab
 <b>06</b> Assortment Lab	 <b>07</b> Ranking Lab (MaxDiff)	 <b>08</b> Menu-Based Conjoint (MBC)	 <b>09</b> Basic Survey	 <b>10</b> Product Variant Test
 <b>11</b> Concept Test	 <b>12</b> Claims Test	 <b>13</b> Promotion Lab Enhanced	 <b>14</b> RGM Promotion (CWtP+PL)	 <b>15</b> RGM Ultra (CWtP + VA + PL)

Do you want to know  
more about how  
PriceBeam can help  
your brand?

Book a free demo

[BOOK A DEMO](#)