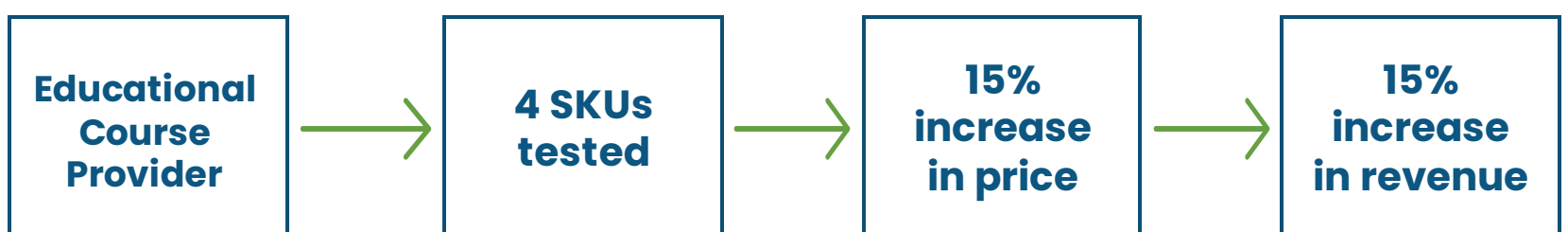




CASE STUDY:

Comparative Willingness-to-Pay



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How a major Education Course Provider was able to increase profits by 15% through price increases

CASE

This charity organization had issues of recruitment with their "core demographic" of the charity and had a need to understand the willingness-to-pay for their services in each of their core demographic.

The team wanted to understand the price points for each area of their target market and understand which bundle combinations would work the best for their core product.

Finally, there was a need to understand the opportunity for price increases against volume. What would be their profit at each price point and ultimately how they can optimize profit across their demographics.

OBJECTIVES

Together with the charity organization we highlighted key objectives for the study.



Understand consumers' willingness-to-pay across 4 SKUs in the UK market.



Identify WtP across various regions of the UK for the 4 SKUs tested and understand the impact of price increases against volume.



Understand if there are there any patterns regarding bundle preferences.

METHODOLOGY

The recommended methodology for this client was PriceBeam's **Comparative Willingness-to-Pay** study.

The CWtP study type helped the client understand the price points for which they could charge for their courses and which bundle combinations would resonate with their target market more. The study also delivered the pricing thresholds and price cliffs as well as location segmentation.

SOLUTIONS

How PriceBeam was able to achieve the objectives for the major charity organization.



It was observed from the questions asked to the respondents that certain areas of the demographic have the possibility of increasing price due to their wtp. Our clients product was inelastic in some areas of England.



If our clients implements the price increase of 15% to some of the products, it is possible to afford the volume to drop by 16.8% and still have a revenue of 14.9% and surplus of 29%.

3 out of the 4 SKUs tested sustained a surplus.



Product 1: Across the whole sample, there was a wtp deficit and volume optimization remains flat.

Product 2: WtP surplus for the standard region as there is an optimal revenue peak.

Product 3: WtP surplus on standard. However, London region is at a deficit as there's a significant price cliff beyond the optimal.

Product 4: Current price point is near volume optimization point. Possibility to increase price.

RESULT



EXECUTIVE SUMMARY

Psychological price points observed at increments £20.00; £50.00 and £100.00.

Significant price cliffs observed at £100.00 and £200.00.

All prices are currently set between psychological price points (e.g.: £75, £124, £276, etc.) which is not optimal.

Length of subscription more important than discount offered.

Higher WtP for in-person than online course however both suffer similar price cliff at £200.00. Membership could sustain a price increase across all regions to £50.00 or £60.00.

50% to 63% of respondents prefer 12 months bundles. 56% to 65% of respondents dislike 36 months bundles.

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

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

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