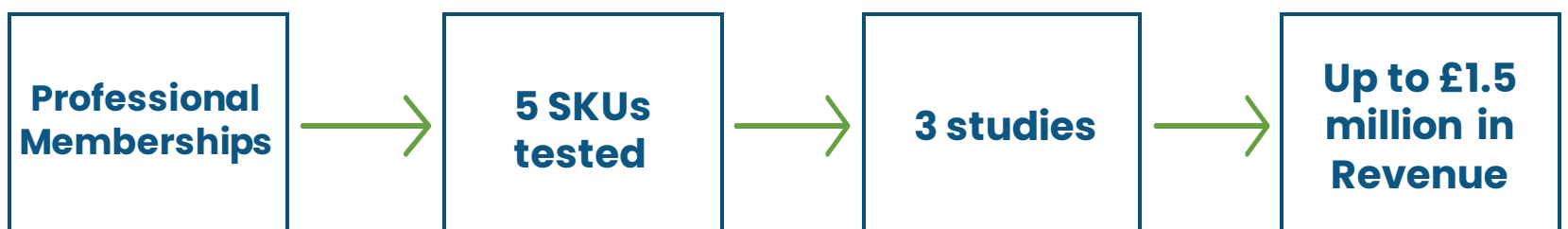




# CASE STUDY:

## Comparative Willingness-to-Pay Study



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# How a major membership company was able to identify opportunities for revenue increases by tweaking the current offering across various membership tiers

## CASE

This membership company is widely recognized within the UK. The membership is for a trade union association, where each member pays a set price monthly. The membership company conducted two studies in 2022 and then one study in 2023. This case study has combined the studies analyzing any differences in results between the years.

The team wanted to understand the price sensitivity and absolute price point from the current members testing 4 different pricing models. They also wanted to compare price points across the various memberships being higher and lower income members.

Finally, there was a need to understand what would be the volume of memberships could be at each price point and ultimately identify the optimal pricing strategy.

## OBJECTIVES

Together with the membership company we highlighted key objectives for the study.



Understand consumers' willingness-to-pay across 4 pricing models among the current members.



Identify the optimal Pricing Strategy, where brands maximize Volume & Revenue.



Understand member and non-member perspective on potential membership pricing change, as well as the WtP across various member groups.

# METHODOLOGY

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

In both studies, the CWtP study type helped the client understand absolute price thresholds for their membership monthly fee and what the optimal price point would be. The CWtP study also highlighted the opportunities for introducing yearly membership fees and the willingness to pay of their members for a yearly subscription.

## SOLUTIONS

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



The current members price point was close to the absolute optimal price for the membership. However, 78% of respondents did prefer the new proposed pricing model compared to the current one which included price increases and decreases for different membership tiers.



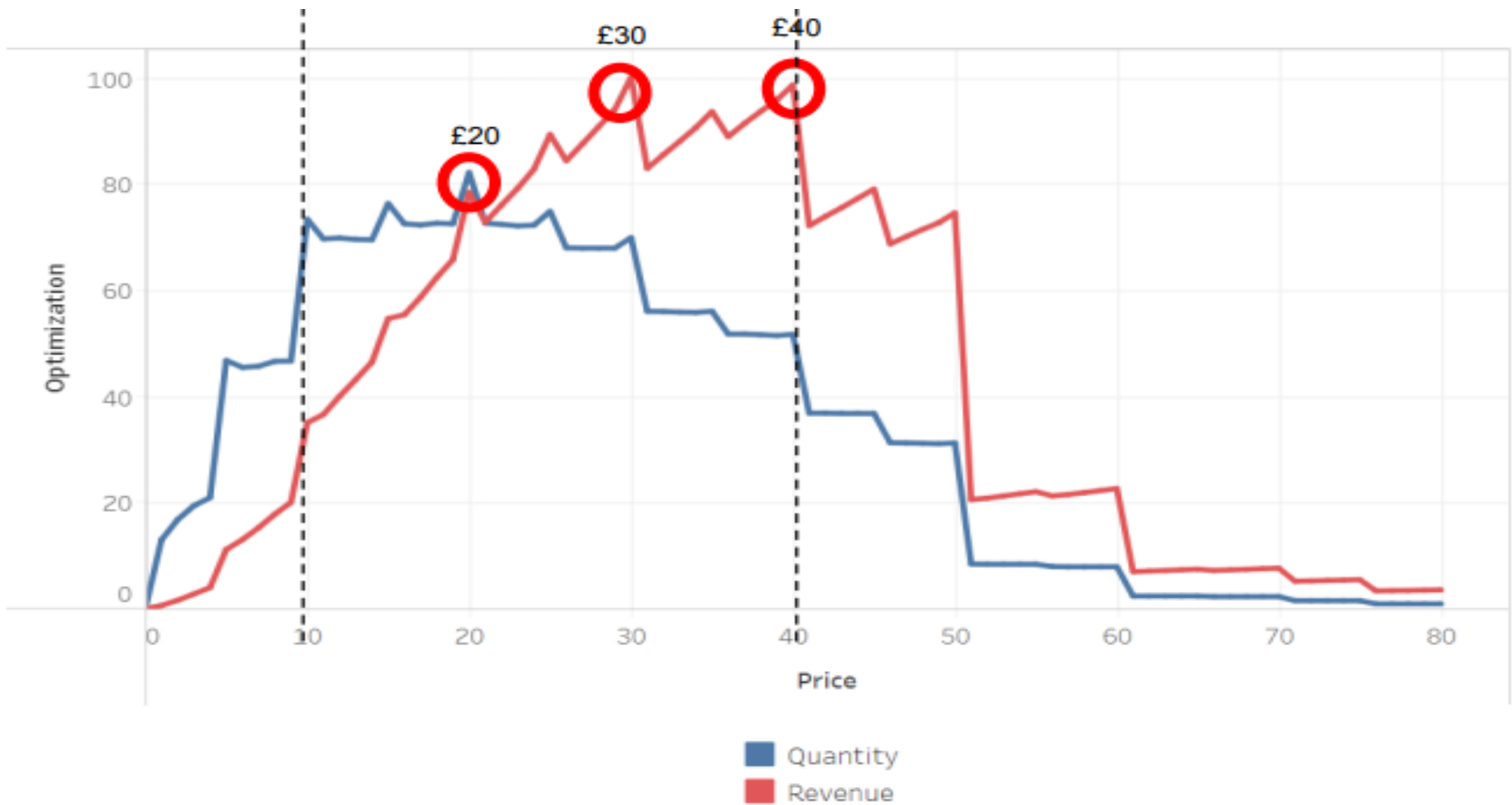
The current membership subscription is based on "time since qualification" and increases significantly at various stages during the individual's career. An alternative approach is to "smooth out" the subscription fees over the course of the individual's training and lower the fees (relative to the main membership subscription of circa £40.00 per month) as follows.



Across our clients' whole portfolio, we observed a price increase for its current members is not recommended as it could be detrimental volume trade-off.

To sustain a small price increase is only possible within the higher income members. **There is up to 141% higher WtP among higher incomes.**

# RESULT



## EXECUTIVE SUMMARY

Psychological Price Points at every £5. In-between pricing not optimal.

Psychological Price cliffs observed at £40 resulting in significant loss of volume and revenue.

**Study 1:** Up to 75% of respondents would buy annual upfront with 10% discount (Only 9% would not).

**Study 2:** Up to 52% of respondents would not be willing to donate to the Strike Fund.

Optimum price to maximize volume only is £20.00 per month. Acceptable price range varies from £10.00 to £40.00 per month.

From a volume perspective, there is up to 141% higher WtP from higher income / most experienced (except retired) group at a price point of £40.

Compared to the 2022 study, optimal revenue peak are similar. However, there was a lower quantity WtP optimization.

# 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)

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