CASE STUDY:
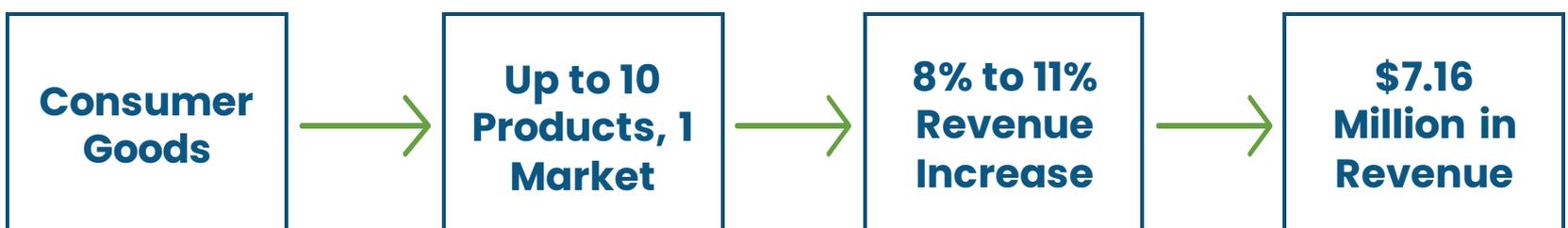
Revenue Growth Management Study
(Comparative Willingness-to-Pay & Value Attribute Methodologies)

Consumer Goods	→	Up to 10 Products, 1 Market	→	8% to 11% Revenue Increase	→	$7.16 Million in Revenue

How a major consumer brands company can increase revenue by $7.16 Million (8%-11% revenue increase).

CASE

This global over-the-counter medicine brand had been losing market shares over the past few years and had a need to understand consumer's willingness-to-pay for their brand and main competitors across specific sizes.

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.

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).

Understand profitability at every price point and establish optimal price points for existing portfolio.

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METHODOLOGY

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

The CWtP study type helped the client understand the 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 brands were very inelastic at the current price points due to an observed price indifference. Our client's product was inelastic up to $3.50 unlike the larger format that was elastic as it would be moving beyond a small price cliff.

Smaller format for our client, and across competitors, suggest that minor volume loss appears after crossing $3.50 and a significant price cliff is at $5.00. Larger format have a first price cliff at $5.00 and every $1.00 from that point ($6.00, $7.00, etc.).

Price increase was mostly identified across the category, including for both of our client's product tested.

Product 1: Small format could sustain an **13% price increase to $2.99** with minimal volume trade-off resulting in a **$3.19 million revenue increase**.

Product 2: large format could sustain between 10% to 20% price increase with 8% to 10% volume trade-off. A **20% price increase could mean a $3.97 million revenue increase.**

PriceBeam

RESULT

+ 13%

Current

Current

+ 20%

Small Format

Large format

Product

Anonymous
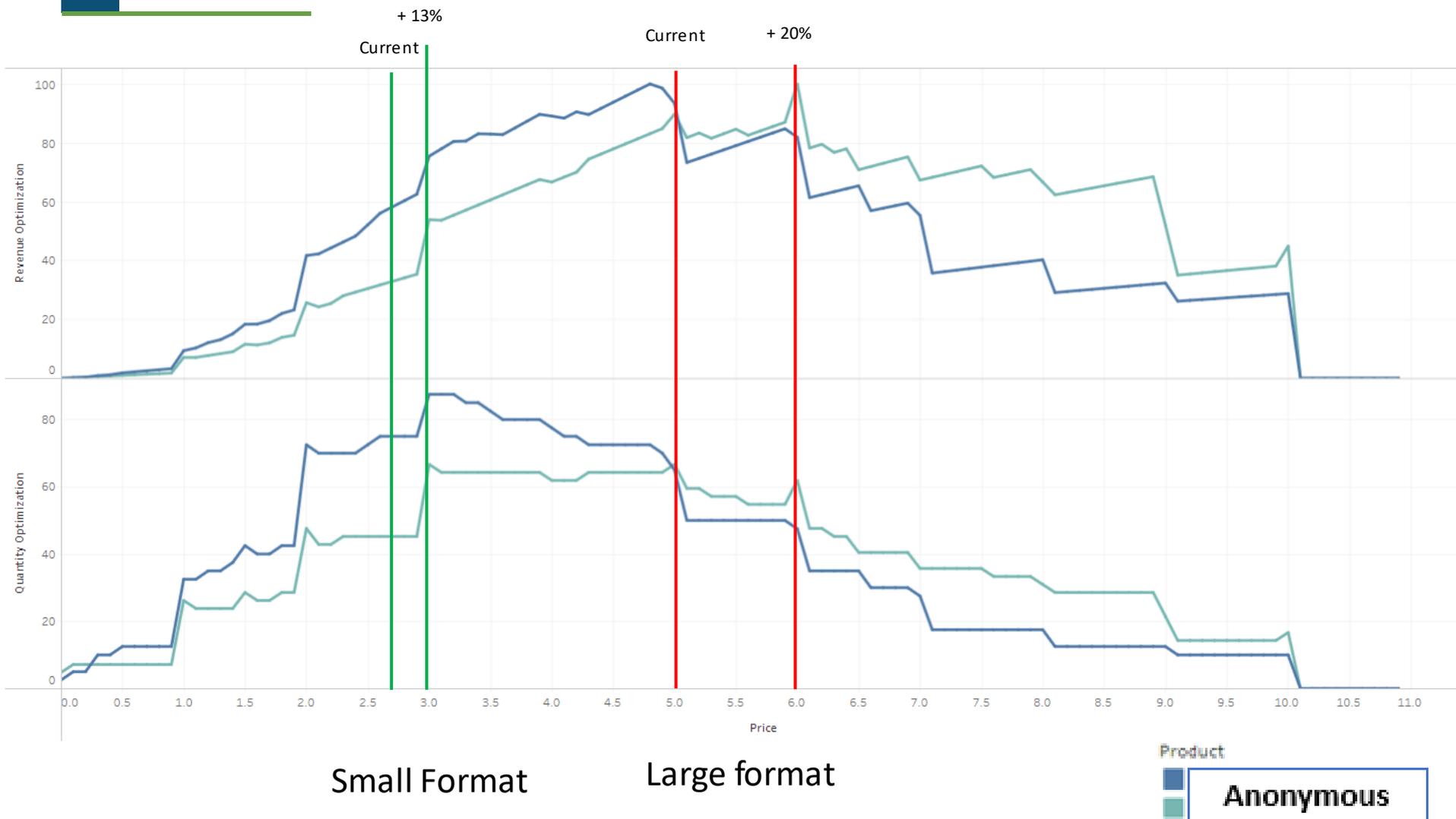
EXECUTIVE SUMMARY

Psychological price point observed mostly at every $0.50 suggesting prices set between are not optimal.

Price cap observed across larger pack sizes regardless of flavor or brand at $6.00.

55% of respondents purchase over-the-counter medicine once every 2 to 6 months.

Our client is the preferred brand of 42% of respondents (Top brand) compared the 2nd preferred brand at 19%.

"Sugar Free" claim has a high impact when purchasing over-the-counter medicine.

"Artificial Color or Flavor" and "Extra Strength" are shown to be indifferent, while no additional claim is observed to not highly impact the purchase decision.

PriceBeam

ABOUT PRICEBEAM

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.

Access to independent, statistically representative respondents in 127 markets

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)

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

Book a free demo

BOOK A DEMO

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