Pricing Conjoint

Pricing Conjoint uses Choice Based Conjoint, a discrete choice modeling technique, but focuses on the optimization of a portfolio of SKUs and their prices. Despite the fact that such conjoint contains fewer attributes (price and SKU, sometimes size or promotion) than a regular CBC, the set up and analysis are different: usually a large number of products is shown and tested together leading to more realistic observations and trade-offs and thus better results.

What can you use a pricing conjoint for?

To optimize the portfolio composition of your SKUs including their pricing.

- Portfolio-price optimization: Which products/services to introduce/offer, and at what price to maximize revenue?
- Market understanding and source of volume: who are my key competitors and which of my products cannibalize each other?
- Understanding of customer price sensitivity (price elasticity)
- Understanding different promotional mechanisms
- Pack size optimization

When should you use it?

- **Fast moving consumer goods**, where the product category is sold on a (supermarket) shelf or through e-commerce
- When the focus of the research is on **price/price elasticity** and/or **portfolio management**

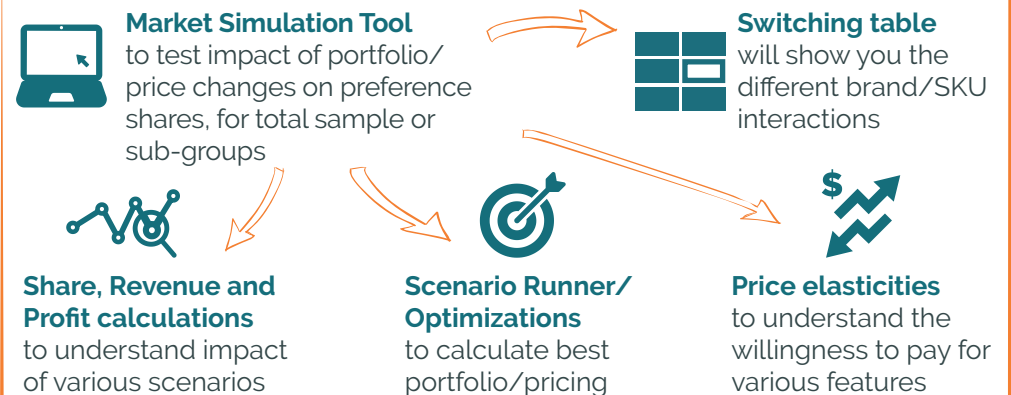## How it works

Please select a product

- Prices and products (incl, size) change from screen to screen to measure consumers' sensitivities to these changes
- Option to zoom in at the pack and review the product
- In case of more than 40 SKUs, a respondent specific evoked (consideration) set can be shown based on regular questionnaire

Benefits and limitations

+ Flexibility in the design to **test realistic scenarios** to increase accuracy when making predictions for such scenarios (e.g.: line pricing, line sizing, price prohibition)

+ **Many products** can be tested on one screen

+ **Possibility of applying 'evoked set'** to make the concepts more relevant to respondents allowing for more products to be tested

+ Possibility of **testing hypothetical scenarios** (portfolio/price changes)

− Market shares of new products in a pricing study are usually not representing the **long-term** potential

− A Pricing Conjoint requires quite a **large sample** when the number of products to test is high

− Impact of secondary effects such as awareness and distribution are complex to incorporate in forecasts

What you get out of it

Market Simulation Tool to test impact of portfolio/price changes on preference shares, for total sample or sub-groups

Switching table will show you the different brand/SKU interactions

Share, Revenue and Profit calculations to understand impact of various scenarios

Scenario Runner/Optimizations to calculate best portfolio/pricing

Price elasticities to understand the willingness to pay for various features

Are you interested in applying the Pricing Conjoint? Contact us today!

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