



# We understand the marketing challenges for pricing

It's important to understand how demand in a product or service will change as its price changes. The key determinants of this pricing "elasticity" are typically brand differentiation and ease of moving between brands.

We utilise a number of pricing techniques to understand elasticity – chosen depending on the category, competitor set or business question.

Pricing must also be understood within the context of behavioural biases.

To make sense of a price, people look for context – "how does this price compare to prices for similar things?"

Consumers prefer more immediate, smaller rewards over a larger delayed payoff.

Consumers tend to respond to, or seek out, information that supports their existing beliefs and discount other information.



## Pricing expertise

We work with clients whose categories range from consumer goods, to personal finance, leisure and tourism, and everything in between.

We unlock opportunity by identifying commercial opportunities and delivering growth, product, marketing and category plans to support buy-in with stakeholders.

## What our clients say

"Incite's recent work on breaking down our affordability barrier has resulted in us dramatically altering our marketing communications, trialling a new ticket pricing structure and working to overhaul the future of rail ticketing."

– Head of Research and Insight, Virgin Trains



### 1 / How should a new product be priced?

We use Van Westendorp/PSM measures to understand the acceptable price range and optimum price point within a known product category.

By measuring perceptions of when a product is priced too cheaply and too expensively, we can identify the optimal pricing range between these two points.

### 2 / How will demand change across price scenarios?

We use Gabor-Granger techniques when testing demand across several pre-defined pricing scenarios.

Consumers are asked purchase intention at a number of price points, with each subsequent price determined by their willingness to pay at the previous point.

### 3 / What will be the impact of a price change or promotion?

Monadic (split price) testing allows us to measure demand at different price points across separate, matched cells of consumers, to avoid any bias of one price point influencing their decision.

This means we can accurately test appeal for new or discounted rates versus current (control) prices. We can also better understand the impact of pricing on product/brand perceptions.

### 4 / How does price impact on brand equity?

There is a relationship between the two. Plotting brand equity against perceived price will show which brands deliver more equity than their perceived price.

Brand equity is increased through differentiation and emotional connection (through brand building activity such as advertising) but can be eroded through a focus on low price or continued promotions.

### 5 / Price in the wider mix

Trade-off exercises (eg Conjoint) are the only way to understand complex interactions between multiple features on price. For example, in mobile phone retail the consideration isn't simply brand vs price but also handset model, contract length and data packages.

These exercises typically involve consumers trading off within a number of scenarios, where product and price are all varied across each scenario.



## AURA

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