WHICH PRICING METHOD IS RIGHT FOR YOUR ORGANIZATION?

The pricing experts at Applied Marketing Science (AMS) have extensive experience matching client pricing objectives with the best methodology. Our approach to pricing strategy rests upon our team's groundbreaking academic research and has been tested in the real world — where multi-million dollar decisions are at stake and errors are irreversible.

CONJOINT ANALYSIS

BEST USED WHEN

- In addition to revealing optimal price, you need help determining the optimal feature set of the product/service
- You want to simulate competitive effects and reveal expected market share

ADVANTAGES

- Most robust method
- Helps you optimize more than just price (i.e., reveals the optimal feature set of the product/service and expected market share)
- Does not draw attention to price more than other features

CHALLENGES

- Requires a larger sample size than all other methods
- Longer exercise – takes up more survey space
- Requires deep expertise to design, execute, and analyze correctly

MONADIC PRICE TESTING

BEST USED WHEN

- You have a set product and don't intend to change it
- You have a sense of the acceptable price range, but need help optimizing within the range

ADVANTAGES

- Does not draw attention to product price over other features
- No anchoring bias (each respondent only sees one price)
- Short and simple respondent experience
- Easier to design and analyze

CHALLENGES

- Typically requires larger sample size than Gabor-Granger or Van Westendorp

GABOR-GRANGER

BEST USED WHEN

- You have a set product and don't intend to change it
- You have a sense of what the acceptable price range is, but need help optimizing within the range

ADVANTAGES

- Short and simple respondent experience
- Requires less sample size than all other methods
- Easier to design and analyze

CHALLENGES

- Anchoring bias is a factor (i.e., the first price point that respondents are exposed to can bias their reactions and willingness to accept the other prices shown)

VAN WESTENDORP

BEST USED WHEN

- You have a set product and don't intend to change it
- You want to understand customer expectations regarding the acceptable price range and you don't have specific price points to test

ADVANTAGES

- Quick exercise for respondents to complete

CHALLENGES

- May be hard for respondents to answer, especially for a new product
- Relying on respondents to provide price expectations may return a lower willingness to pay

AMS

FIND ADDITIONAL RESOURCES HERE: