

Using research to optimize pricing structure

Establish a logical offer structure built on customers key value drivers

Situation

The client was a large doggy day care and dog grooming service provider planning a large expansion in the following year more than doubling the number of locations.

The locations were operated by franchisees who had autonomy on their pricing and promotional strategy and wanted to undertake a research and analytics project to optimize their pricing strategy and define an offer structure that could be implemented across all their locations.

Approach

Quantitative Research

PSL designed a menu based conjoint survey to simulate various purchasing options and better understand current customer perceptions and their value drivers to establish their preferred pricing model.

Developing price strategy

Building on the responses of 1,700 respondents combined with internal sales data from the client PSL developed a pricing strategy building on they users key value drivers and observed optimised profitability and stability for the franchise owners.

The new pricing strategy included a clear and transparent pricing strategy encouraging upsell but proving an offer for all use cases as well increased commitment to the brand from they customers.

The price points were determined using a fair-price think twice analysis as a starting point which would then be rolled out to location based on a cluster analysis grouping the locations into tiers based on their current sales mix and external factors.

Results



Clear pricing structure homogenous across locations providing transparency and building confidence amongst current and new clients



With a unified pricing structure, future analysis of performance and opportunities would improve, enabling further price optimization and enhanced future strategy

