



Van Westendorf Price Revenue Model

Multivariate Solutions

Van Westendorf Price Model— Revenue Forecast

What price per month for the Product X program do you think is too cheap for you to consider buying?

At what price per month for the Product X program, would you think this program is a bargain?

How likely are you to purchase Product X at this price?

At what price would you think the monthly price for Product X is getting expensive?

How likely are you to purchase Product X at this price?

What price per month would you think is too expensive for you to consider buying the Product X program ?

Van Westendorf Price Model

Definitions

PMC = Point of Marginal Cheapness

“Price point where more sales would be lost because quality is questionable than would be gained from ‘bargain hunters’.”

PME = Point of Marginal Expensiveness

“Price point above which cost is a serious concern, where it is felt that the product is too expensive for the value derived from it.”

OPP = Optimum Price Point

“Point at which the same percentage of customers feel the product is too expensive as those who feel is so low that the quality is questionable.”

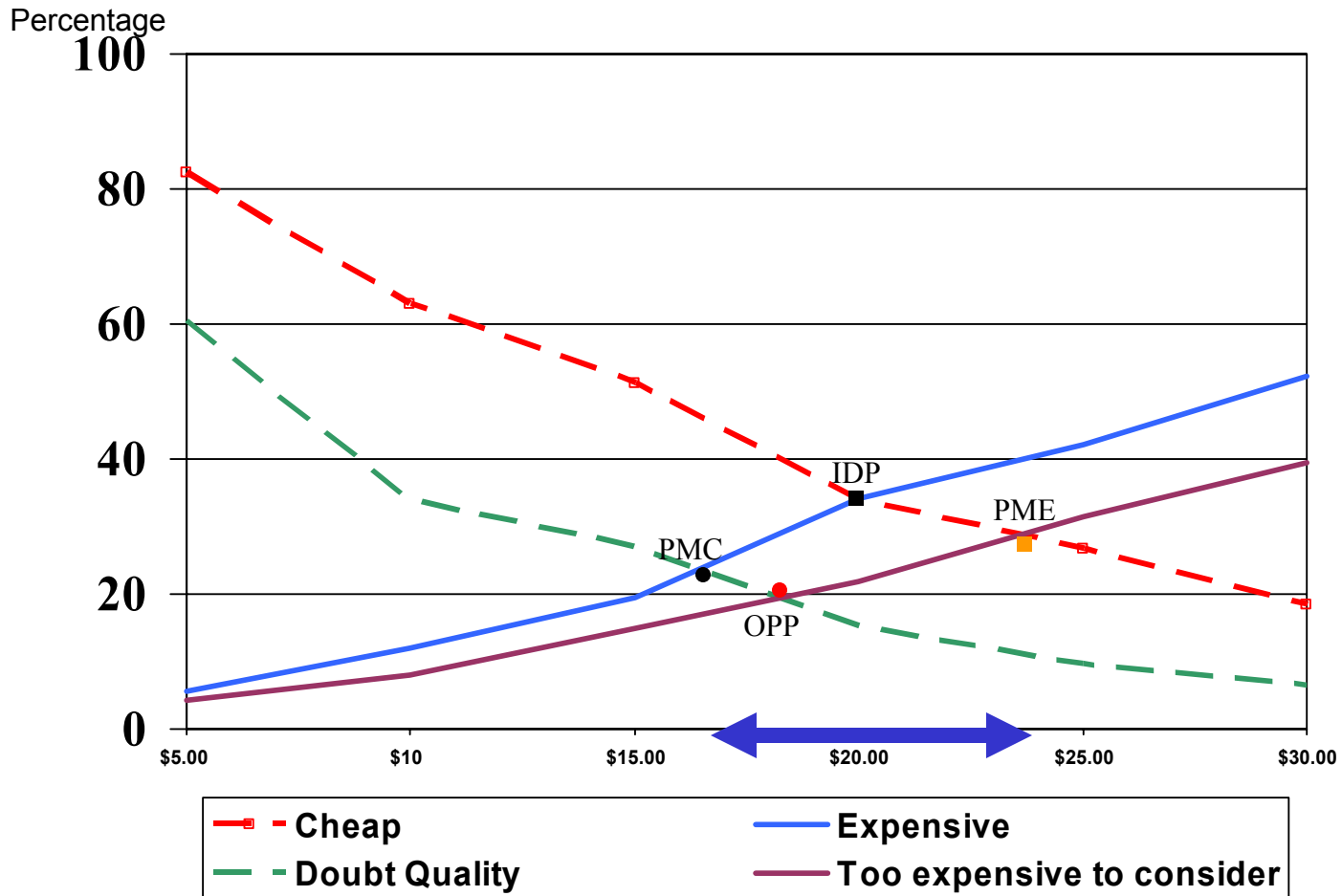
IDP = Indifference Price Point

“Point at which the same percentage of customers feel that the product is getting too expensive as those who feel is at a bargain price. This is the point at which most customers are indifferent to the price.”

RAI = Range of Acceptable Pricing

“The difference between the PMC and the PME.”

Product X Program Van Westendorf Price Model



	\$
PMC	17
PME	24
OPP	18
IDP	20
RAI	7

Van Westendorf Price Model

Revenue Forecast

- **For Cheap and Expensive Options**
 - Assess penetration by applying top box purchase intent.
 - Calculate revenue per 100 customers by multiply price by penetration by 100.
 - Display market penetration chart and revenue to assess:
 - Maximum penetration
 - Maximum revenue

Project Revenue Forecast

Product X

Penetration

