

Van Westendorf Price Model

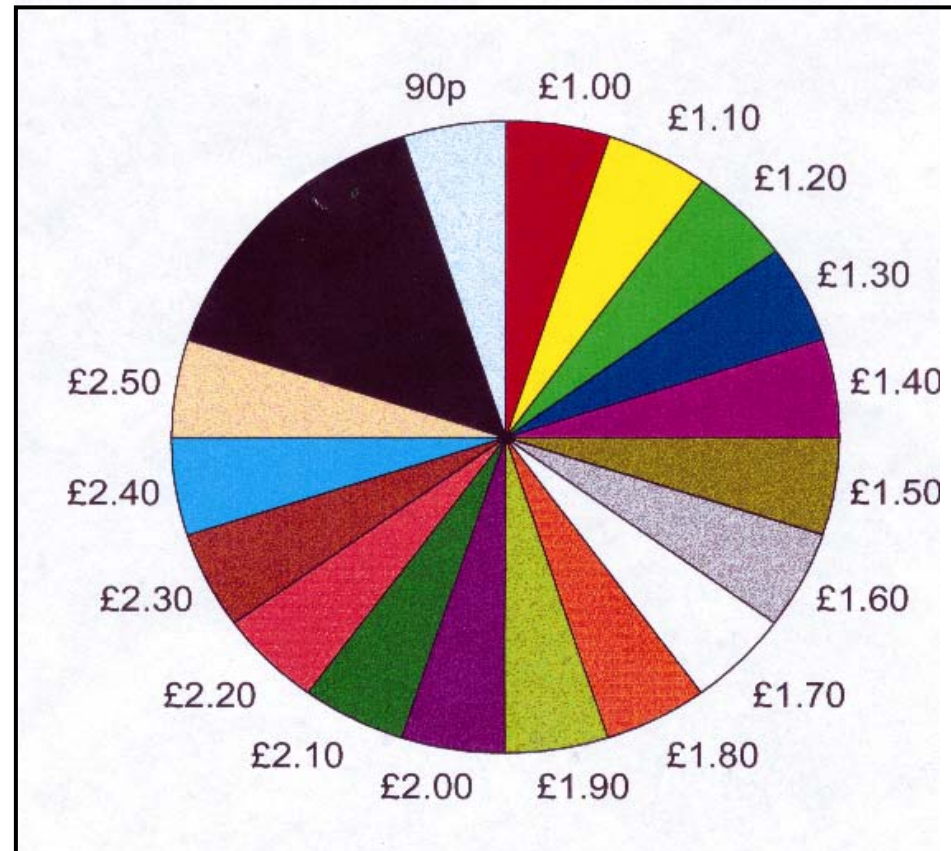
Multivariate Solutions

The Price Of Design

Van Westendorf Price Model

Q Looking at the prices on this card.....

- At what price would you consider this product to be cheap?
- At what price would you consider this product to be expensive?
- At what price would you consider this product so cheap you would doubt its quality?
- At what price would you consider this product so expensive you would not want to buy it ?



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 Expansiveness

“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

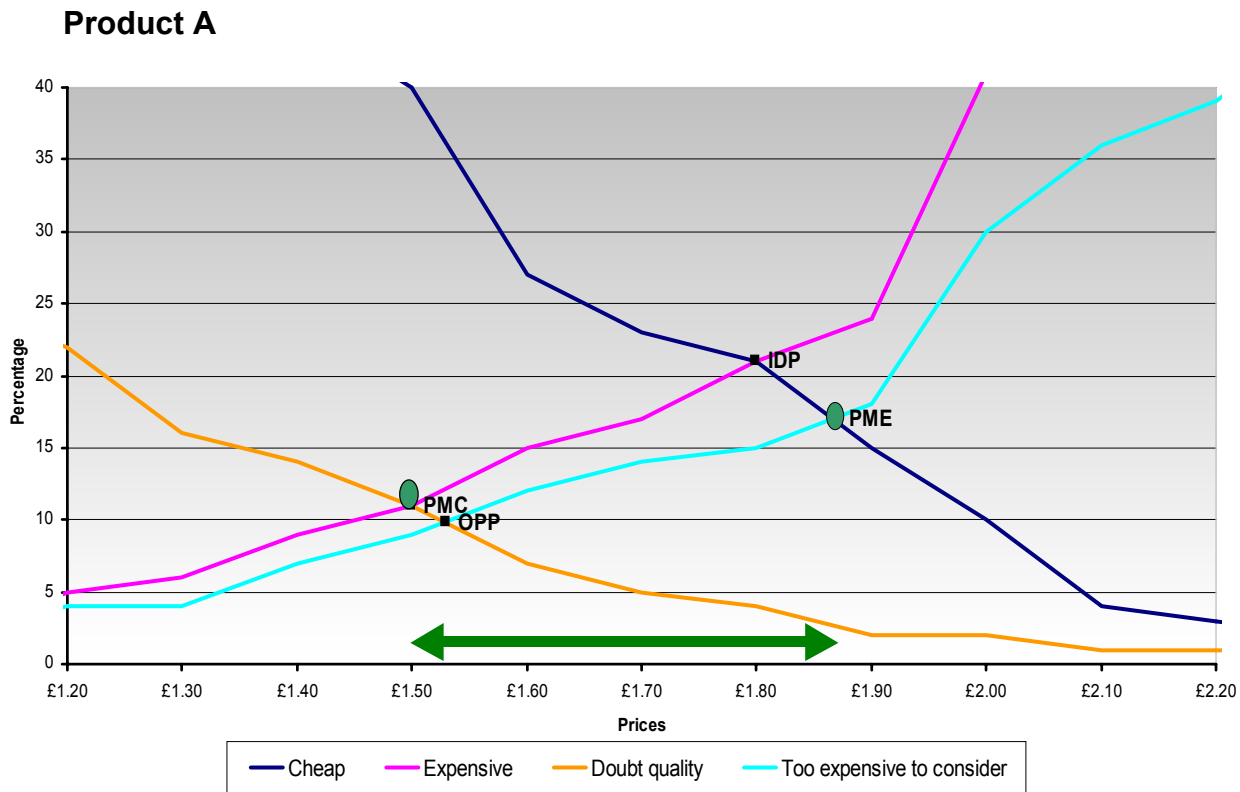
“Point at which the same percentage of customers feel that the product is getting to o expensive as those who feel is at a bargain price. This is the point at which most customers are indifferent to the price.”

RAI = Range of Acceptable Pricing

“The difference between the PMC and the PME.”

The Price Of Design

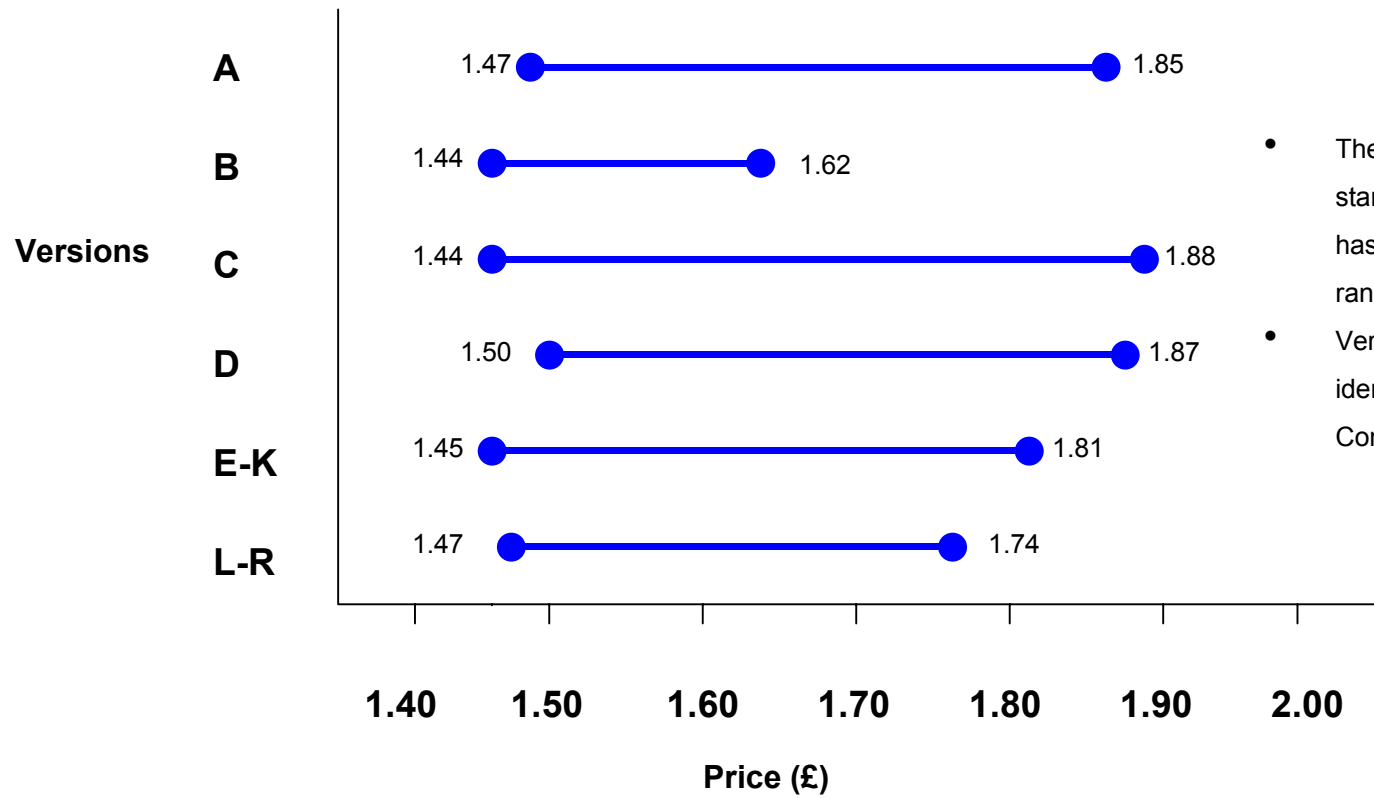
Research Outputs



| | £ |
|-----|------|
| PMC | 1.50 |
| PME | 1.87 |
| OPP | 1.53 |
| IDP | 1.80 |
| RAI | 0.37 |

Base: All respondents seeing package

Conclusions - Range of Acceptable Pricing (RAI)



- The RAI for Product Version A starts at a higher price and has a significantly wider range than Version B
- Version A's RAI is almost identical to Competitor 1 and Competitor 2