CASES

NESI INTELLIGENCE FOR BUSINESS

Pricing Based on Perceived Value using Choice Design

It is common for companies to **price their products based on cost**, **without considering the value perceived by the customer**. Although much is said about this approach, few companies actually know the techniques needed to apply it in practice.

In this case, due to confidentiality issues, we chose to use a different segment and an alternative product to represent the real project.

We kept the same analysis methods and key variables to preserve the essence of the original study, but adapted the context to illustrate Choice Design techniques and the definition of price based on perceived value.

Challenge

During the development of this new product, considered here as a backpack, a question arose between the Marketing and Development teams about the inclusion of a feature previously explored by the company, but which raised uncertainties about the value perceived by the customer.

While the **Development team believed in the feature's potential**, the **Sales and Marketing teams were hesitant** about its success.

Solution

In planning with the Development and Sales teams, we discussed all the combinations and variations considered for this line of backpacks.

The main characteristics defined for the experiment were:

- **Color (3 options):** Black, Gray, Navy Blue
- **Fabric type (2 options):** Waterproof Nylon, Durable Polyester
- **Cooling Compartment (Pouch) (2 options):** Yes; No
- **Price (3 options):** R$ 250, R$ 300, R$ 350

In addition to the product attributes, we also mapped the consumer profile, taking into account variables such as: **Gender, Age, Marital Status, Region where they live, Professional Activity, Family Income.**

Methodology

Using the Choice Design methodology, we generated combinations for the consumer to choose from, presenting 3 options to choose from in each round:

Results

After the experiment, we provided a **simulator with the purchase probabilities** for each combination of attributes. .

Using the **Willingness to Pay analysis**, it was found that the additional feature, previously at risk of being excluded from the line, had a strong influence on consumers' purchasing decisions. The **tool even suggested a price for this feature that was higher than the amount initially planned**.

As well as helping to set prices, the analysis was applied to raw material production planning, helping to avoid disruptions in the supply chain and guarantee product availability.

Contact NESI Intelligence for an analysis of the potential of this methodology in the price positioning of your products and services.

nesiintelligence