# Pricing in Flux

Economic turbulence and challenges

→ Labor shortages

→ Global supply chain disruptions

→ Inflation

→ Rising housing costs

→ Dynamic and chaotic pricing

# Cutting Through the Noise

SightX surveyed a US-based sample of **600 respondents**, coming from representative age groups, gender identities, ethnicities, and income levels.

→ Understand consumers current levels of price sensitivity and their overall economic outlook.

→ Find out how consumers are combating rising prices due to supply chain disruptions.

→ Test the pricing of a fictional calming supplement using conjoint analysis, Gabor-Granger, and Van Westendorp methodologies.
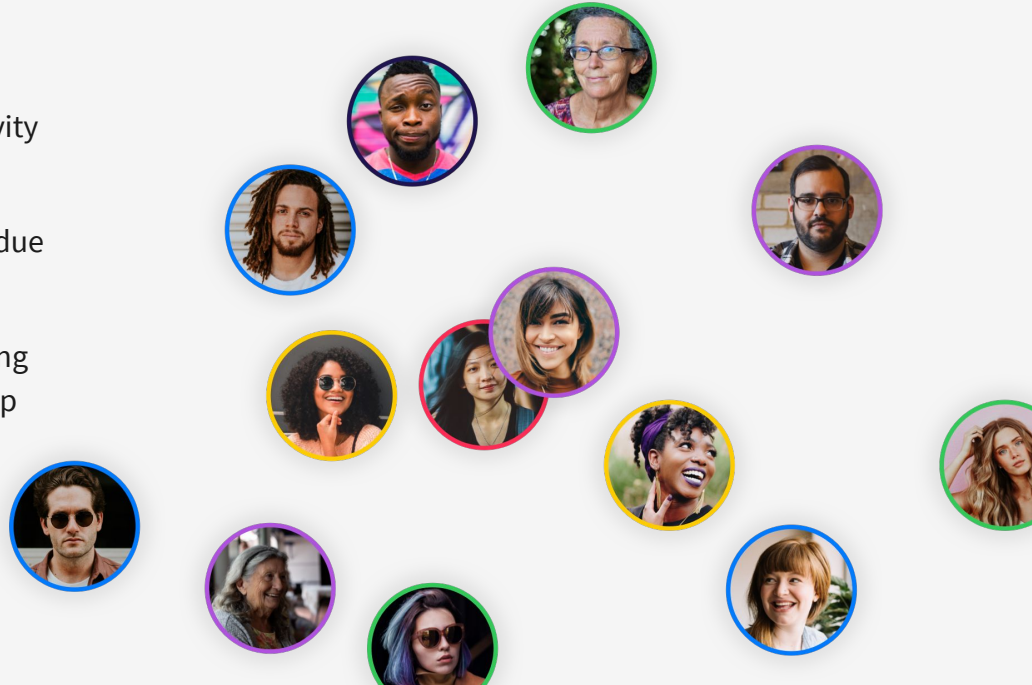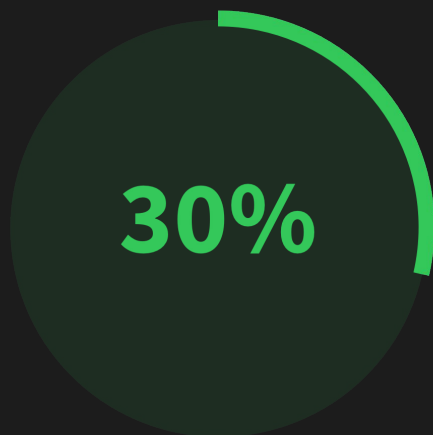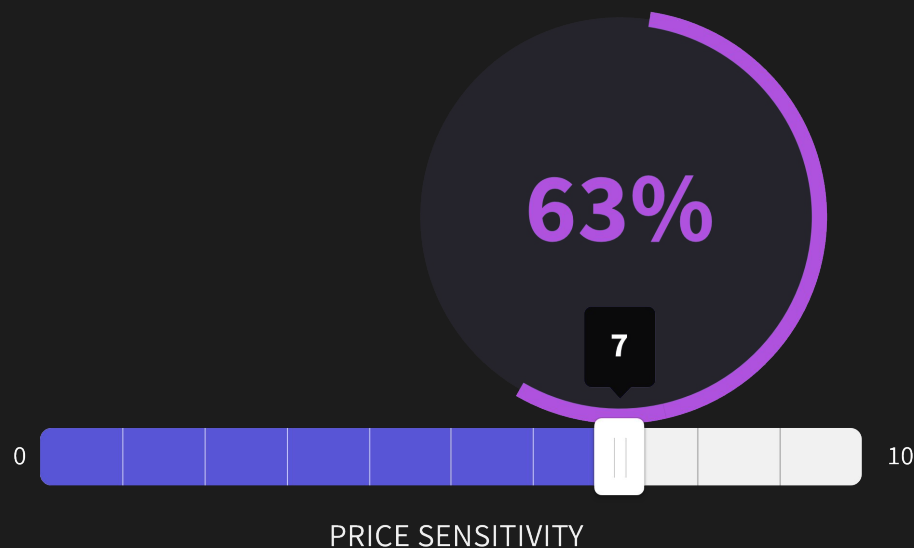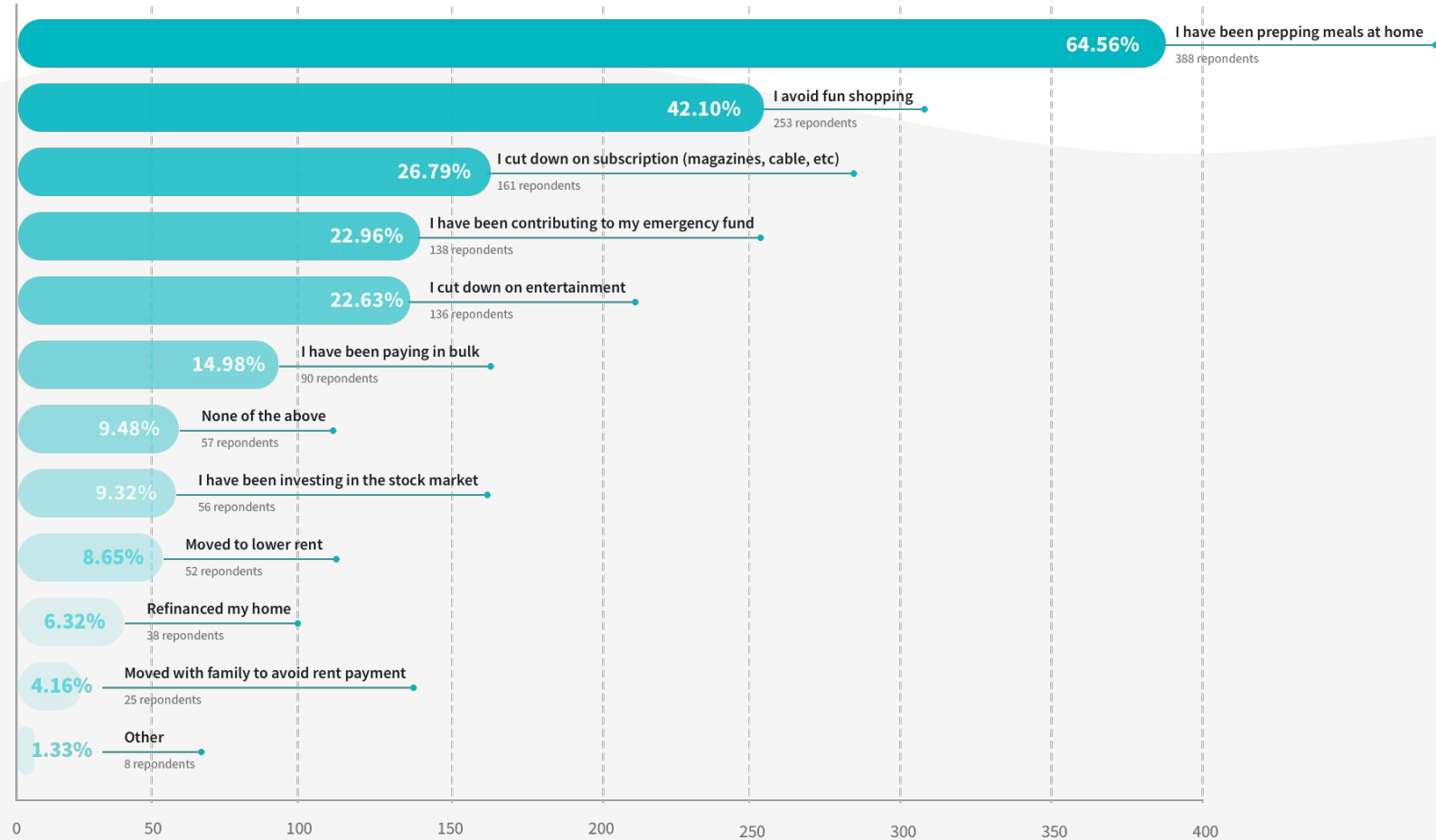
**Ways in which consumers are cutting back**
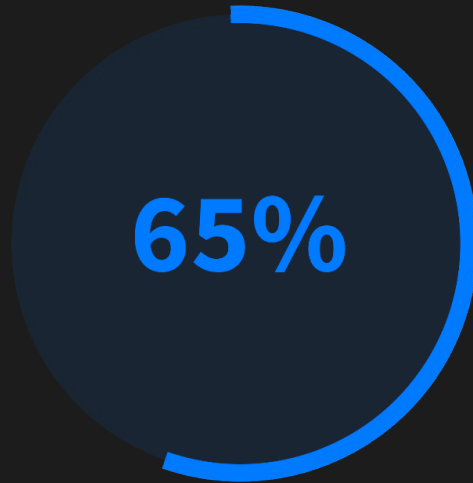
| | | |
|---|---|---|
| **I have been prepping meals at home** | **64.56%** | 388 repondents |
| **I avoid fun shopping** | **42.10%** | 253 repondents |
| **I cut down on subscription (magazines, cable, etc)** | **26.79%** | 161 repondents |
| **I have been contributing to my emergency fund** | **22.96%** | 138 repondents |
| **I cut down on entertainment** | **22.63%** | 136 repondents |
| **I have been paying in bulk** | **14.98%** | 90 repondents |
| **None of the above** | **9.48%** | 57 repondents |
| **I have been investing in the stock market** | **9.32%** | 56 repondents |
| **Moved to lower rent** | **8.65%** | 52 repondents |
| **Refinanced my home** | **6.32%** | 38 repondents |
| **Moved with family to avoid rent payment** | **4.16%** | 25 repondents |
| **Other** | **1.33%** | 8 repondents |
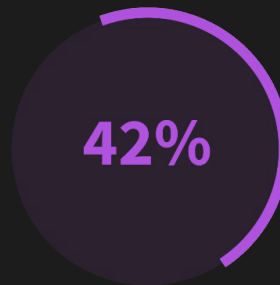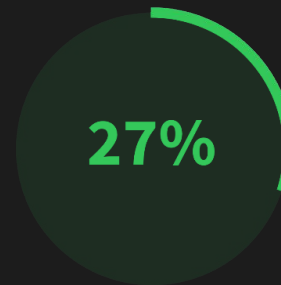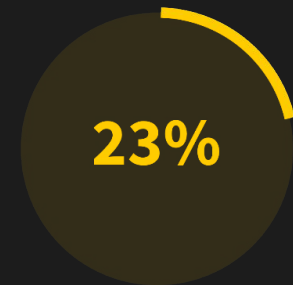
0    50    100    150    200    250    300    350    400

# Supply chain anxiety

Confirmed with Qualitative data

Respondents most frequently reported feeling **anxious**, **fearful** about **inflation**, and a looming sense of **dread** when considering the current price hikes.

# Consumer Cost-Cutting by Sector

| Sector | Percentage |
|--------|-----------|
| Restaurants & Dining Out | 56.24% |
| Jewelry | 55.74% |
| Travel | 55.57% |
| Furnishing & Decor | 47.92% |
| Accesories | 47.09% |
| Apparel | 46.93% |
| Electronics | 43.76% |
| Takeout & Delivery | 42.93% |
| Footwear | 41.43% |
| Alcohol | 38.44% |

**Consumer Cost-Cutting** by Sector

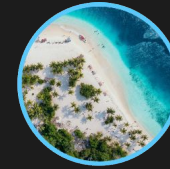| Sector | Percentage |
|---|---|
| Entertainment | 37.94% |
| Fitness & Wellness | 33.61% |
| Pet Care Services | 32.78% |
| Gas | 32.11% |
| Non-Alcoholic Beverages | 30.62% |
| Snacks | 27.90% |
| Personal Care | 22.46% |
| Household Supplies | 21.30% |
| Essencial Groceries | 14.31% |
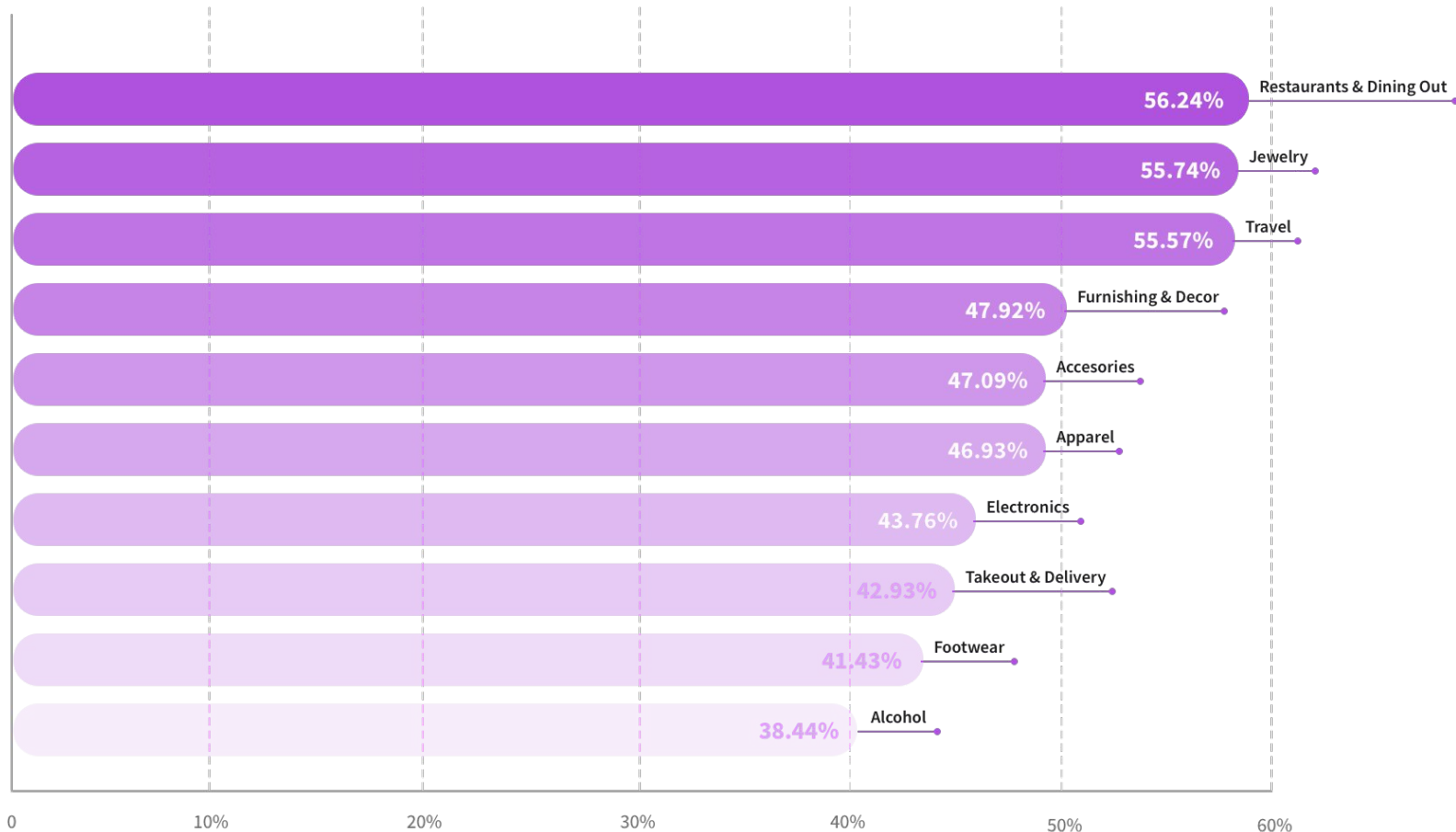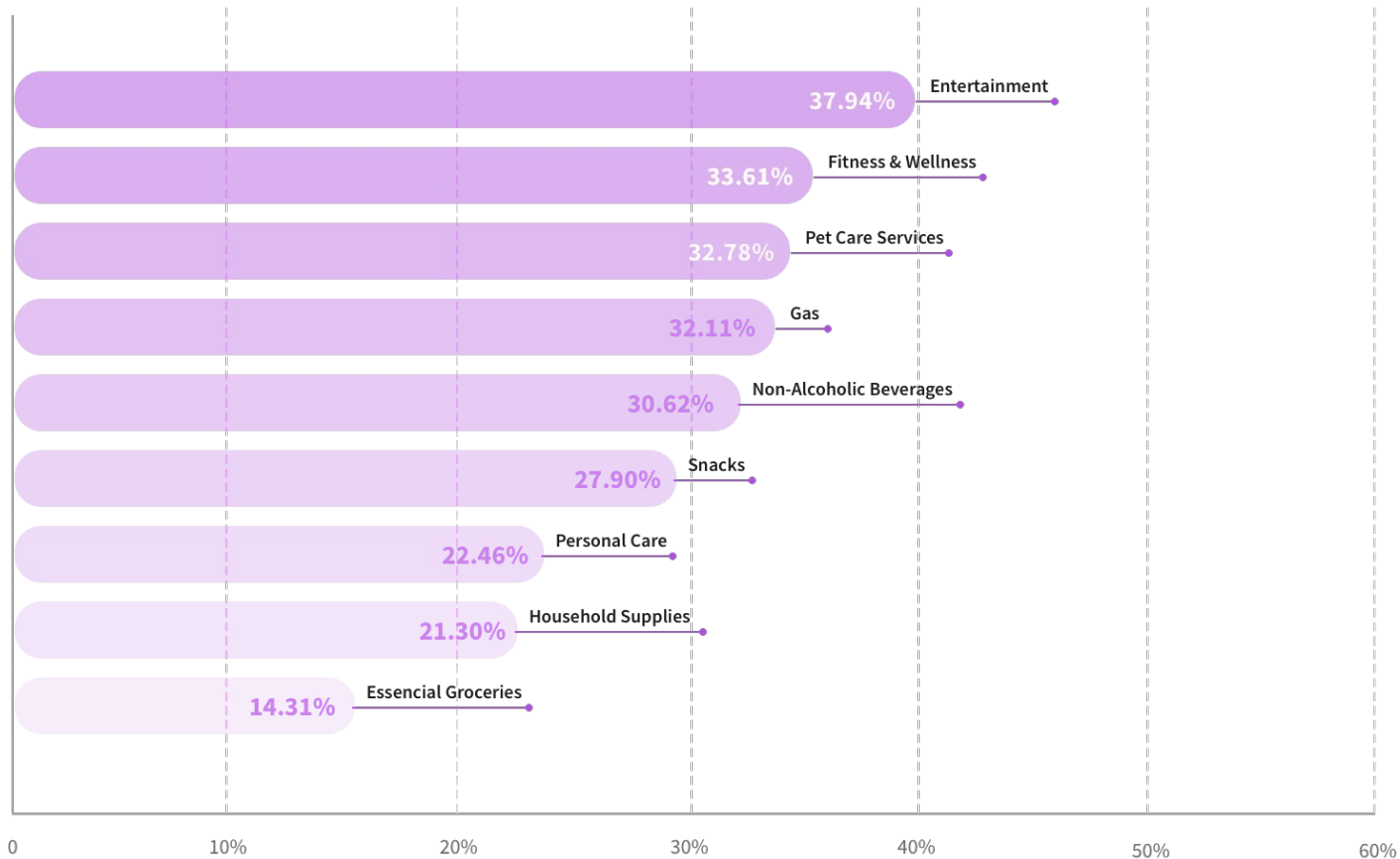
Key findings

# Consumer Cost-Cutting by Sector

Restaurants & Dining out
**56%**

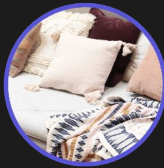Jewelery
**56%**

Travel
**55%**

Furnishings & Decor
**48%**
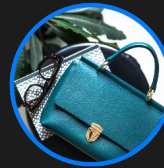
Accesories
**47%**
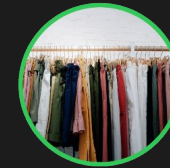
Apparel
**47%**

Sectors with **Stability**

| Sector | Value |
|---|---|
| Personal Care | 58.40% |
| Pet Care Services | 55.57% |
| Non-Alcoholic Beverages | 54.24% |
| Household Supplies | 52.75% |
| Fitness and Wellness | 49.42% |
| Snacks | 47.75% |
| Essential Groceries | 47.75% |
| Footwear | 47.24% |

0    10%    20%    30%    40%    50%    60%
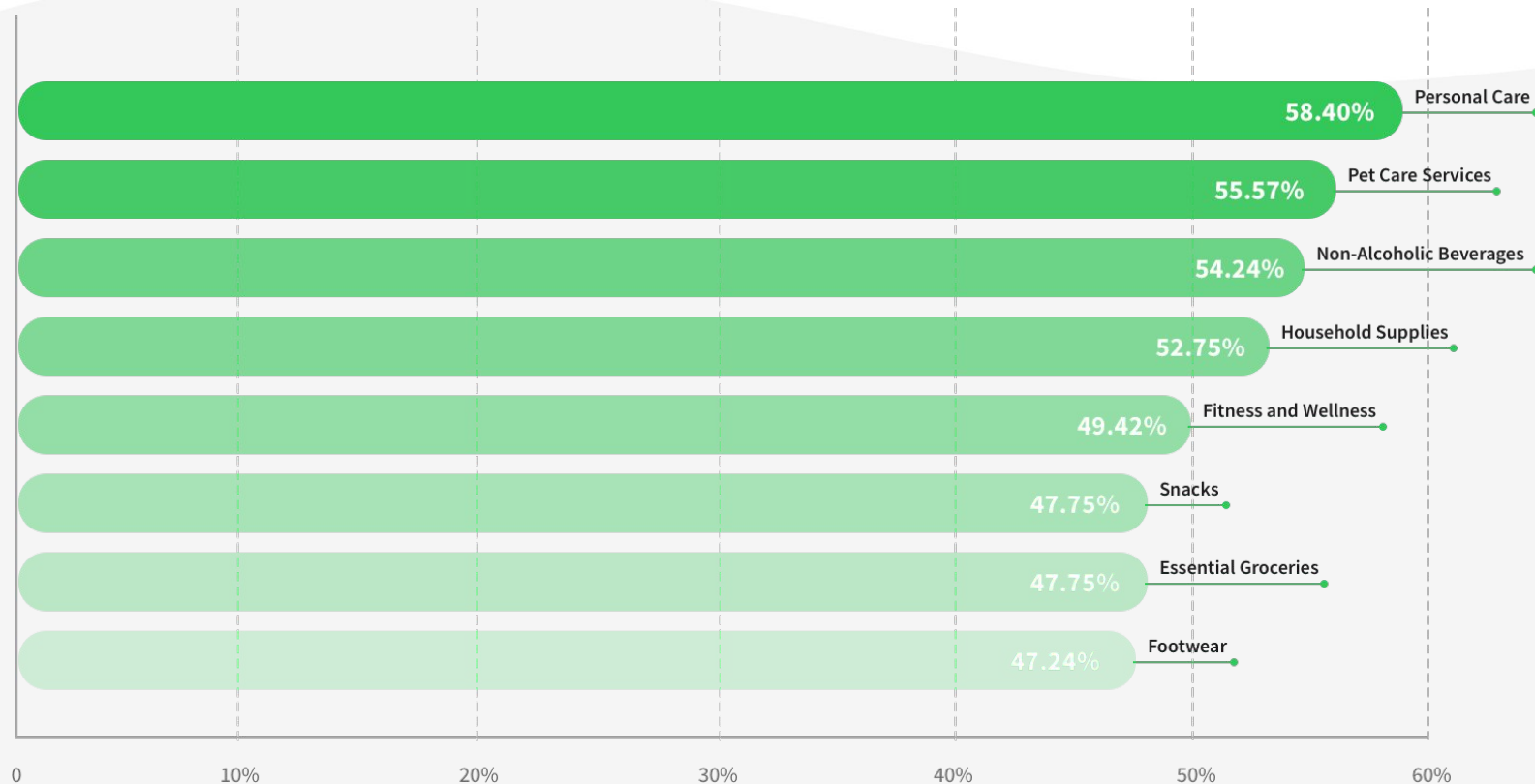
# Price Testing Methodologies

Which one to use when????

# Promotion VS Prevention

# Van Westendorp

Van Westendorp determines a lower threshold, upper threshold, and optimal price point for your offering. It accomplishes this by asking 4 simple questions:

➔ At what price would you begin to consider the product **so inexpensive** that you would question the quality and not purchase it?

➔ At what point would you think the product to be a **bargain**?

➔ At what price would you say this product is starting to become **expensive**, to the point that you'd have to give some thought to buying it?

➔ At what price point would you consider the product to be **so expensive** that you wouldn't consider buying it?

🤔 $

🤑 $$

👌 $$$

😩 $$$$

RANGE OF ACCEPTABLE PRICES

# What We Did:
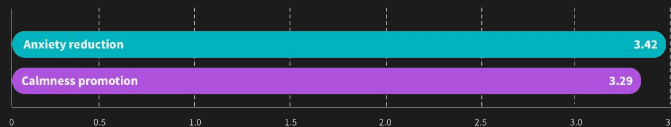
➜ Using our fictional calming supplement, we asked respondents the four questions necessary for a Van Westendorp analysis.
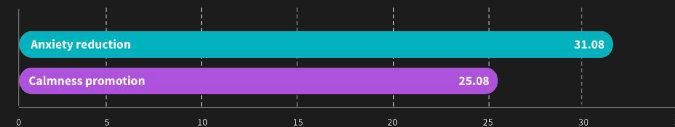
Reduce Anxiety

Calmness promotion
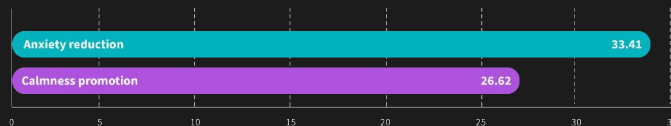
**Overall, how open are you to trying this product?**

| | |
|---|---|
| Anxiety reduction | 3.42 |
| Calmness promotion | 3.29 |

**At what price would it be so low that you start to question this product's quality?**

| | |
|---|---|
| Anxiety reduction | 31.08 |
| Calmness promotion | 25.08 |

**At what price do you think this product is starting to be a bargain?**

| | |
|---|---|
| Anxiety reduction | 33.41 |
| Calmness promotion | 26.62 |

**At what price does this product begin to seem expensive?**

| | |
|---|---|
| Anxiety reduction | 46.85 |
| Calmness promotion | 40.35 |

**At what price does this product begin to seem expensive?**

| | |
|---|---|
| Anxiety reduction | 42.81 |
| Calmness promotion | 37.83 |

# What We Did:

➔ Using our fictional calming supplement, we asked respondents the four questions necessary for a Van Westendorp analysis.



Legend:
- Too cheap
- Not Expensive
- Not a Bargain
- Too Expensive

RANGE OF ACCEPTABLE PRICES

POINT OF MARGINAL CHEAPENESS (PMC)

POINT OF MARGINAL EXPENSIVENESS (PMC)

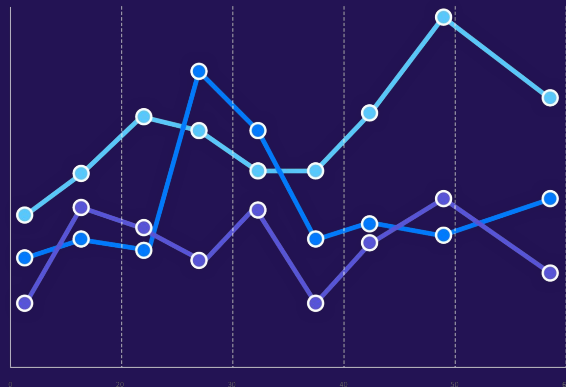Axis labels: 100%, 75%, 50%, 25%, 0, $20, $30, $50, %60, $70, $80, $90, $100

# Gabor-Granger

Monadic Sequential Concept Testing

➔ This method allows you to find the **maximum price** customers would be willing to pay for your offering.

➔ Ask respondents if they would purchase your product at "X" price, presenting them with a subsequent higher price every time they say **yes**.
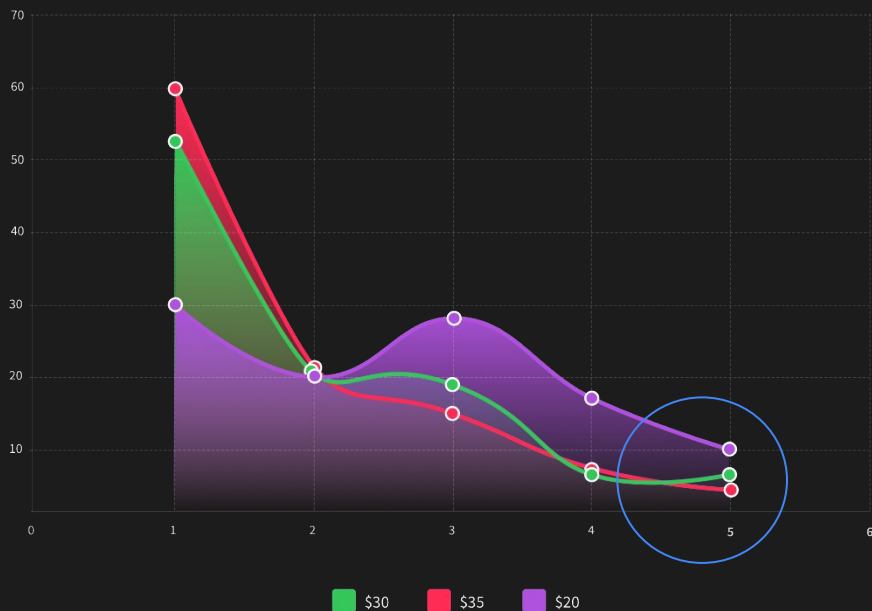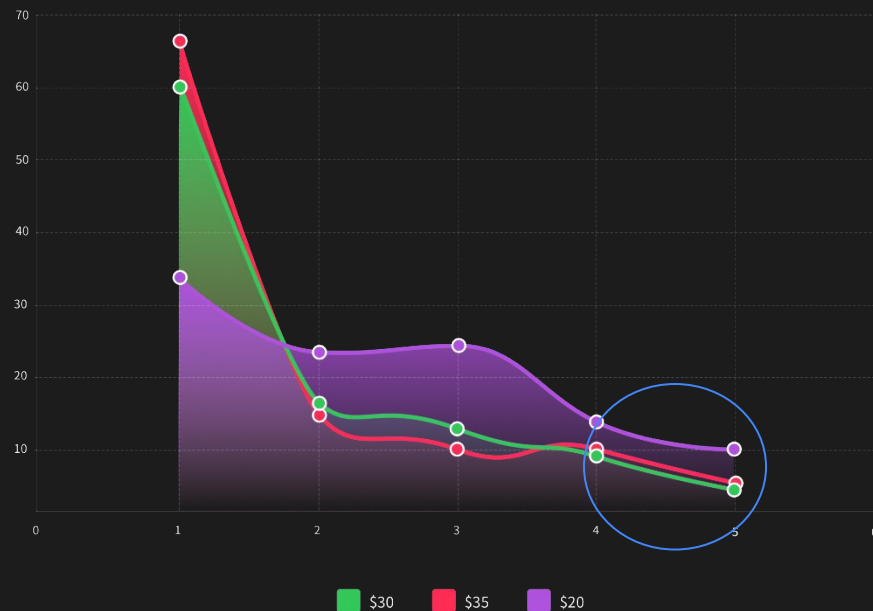
# What We Did:

➔ Using the same fictional calming supplement and sample, we surveyed respondents on whether they would consider buying the product at a price point of $20, $30, or $35.



ANXIETY REDUCTION

CALMNESS

■ $30    ■ $35    ■ $20

# Conjoint Analysis

This technique will help you understand the rules that customers explicitly (and implicitly) use in their decision-making process.

➔ Expose consumers to multiple product components shown in various combinations, each with different pricing. Once the data is collected, the subsequent analysis will show you what features consumers value the most and the price(s) they are willing to pay for them.
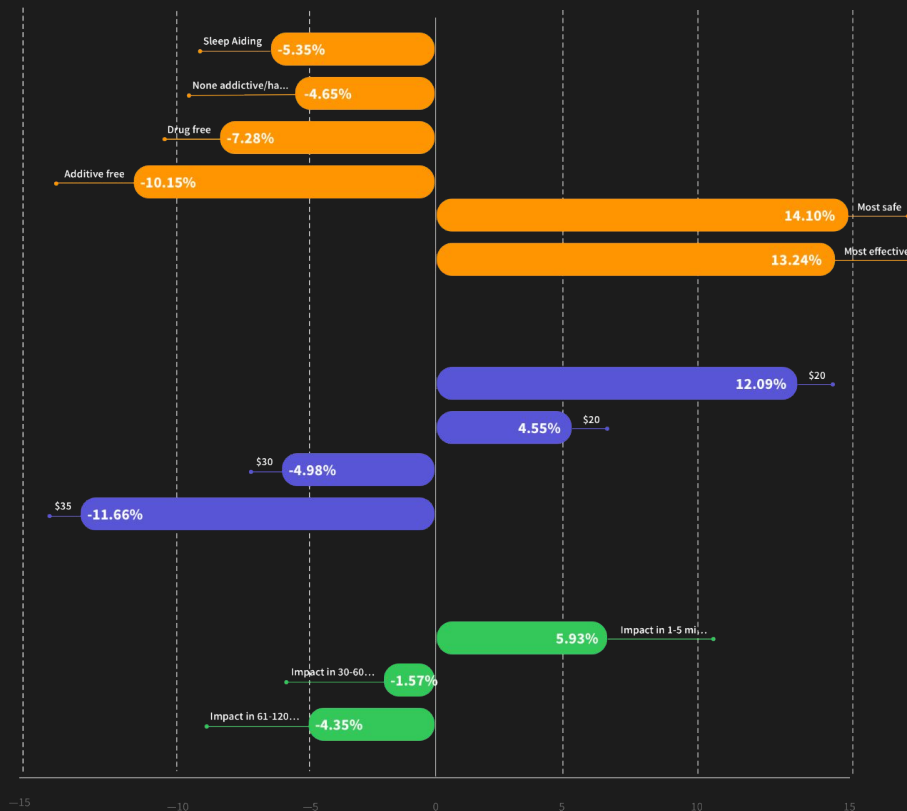
# What We Did:

→ Using the same fictional calming supplement and sample, we ran a conjoint analysis to find the partworth of each feature and price point, along with the overall importance of features and pricing.
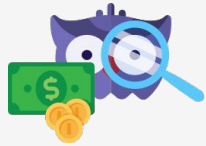


Features

| | |
|---|---|
| Sleep Aiding | -5.35% |
| None addictive/ha... | -4.65% |
| Drug free | -7.28% |
| Additive free | -10.15% |
| Most safe | 14.10% |
| Most effective | 13.24% |

Price points

| | |
|---|---|
| $20 | 12.09% |
| $20 | 4.55% |
| $30 | -4.98% |
| $35 | -11.66% |

Speed of effectiveness

| | |
|---|---|
| Impact in 1-5 mi... | 5.93% |
| Impact in 30-60... | -1.57% |
| Impact in 61-120... | -4.35% |

# Takeaways:

1. The **anxiety** about prices is **real**. *So do your research!*

2. **Price** and **Messaging** are intertwined.

3. Van Westendorp and Gabor-Granger mostly lead to similar outcomes, if the **price ranges are realistic**

4. Conjoint is most powerful when **focused on features**.

# Reach out for a DEMO today!

sight·x

Automating Curiosity

🌐 sightx.io

✉ sales@sightx.io

🐦 twitter.com/sightx

in linkedin.com/sightx