

# Pricing Research

Morpace has extensive experience using a variety of pricing techniques for developing optimal pricing strategies. To derive accurate sales projections and profit maximizing pricing recommendations we use an integrated process that combines consumer input with advanced analytics.

Three milestones are critical in developing an understanding of a product's relative price position, as well as its volume potential.

1. An understanding of consumer perceptions of brand value and expected relative price positioning.
2. An analysis of consumer demand at varying price levels in a branded and competitive context.
3. The integration of cost data with consumer price sensitivity and the derivation of the most profitable pricing position.

For stage 1, Morpace typically uses the van Westendorp process. This technique is useful for

discovering consumer value judgments, but it does not directly measure purchase likelihood. For stage 2, Morpace uses advanced conjoint analysis and discrete choice models. Demand curves showing price elasticity and cross-elasticity for each product under study are provided. When cost data are available, Morpace provides the analysis in stage 3 where the price/volume relationship is used to model estimated profitability.

Results from stages 2 and 3 are inputs to our Interactive Price Sensitivity Modeler™. This simulator allows one to enter prices for competing products and observe expected share results in a graphical output window. With the appropriate supporting cost data, the modeler can be programmed to reflect forecasted changes in sales volume and revenue/profitability.

Please contact Morpace at 248.737.5300 or [information@morpace.com](mailto:information@morpace.com) to better understand how you can derive accurate sales projections and develop profit maximizing pricing strategies.