

CHALLENGE

Pricing and price management are extremely important. However, customer decision making is a complex process and oftentimes completely misunderstood, which can lead to very expensive mistakes. Companies usually assume that customers know the going price of an item, that lower prices automatically increase sales, and that the price represents the most important factor in business. In fact, prices are actually always subjective. Every person has a different definition of cheap or expensive, based on his or her own buying power. What a customer feels to be expensive varies from product to product: the same person can consider EUR 700 for a baby stroller to be a lot, but not much for a flat-screen TV – or the other way around. A customer’s attitude towards price is a very good mirror of overall buying patterns. The challenge is to identify what makes consumers tick when it’s a question of price. One starting point is to break down customers into “price personalities” – a classification of customer groups based on their knowledge of prices, willingness to take risks, interest in prices, love of the hunt, etc. However, identifying motives and price sensitivity, and classifying interviewees into specific types, cannot be achieved directly. Instead, the use of projective survey methods are required.

METHODOLOGY

To identify price personalities, a special battery of questions concerning buying patterns and price sensitivity was developed that enabled us to determine how customers in one specific branch – in this case, baby strollers – are distributed among separate price personalities. In an online survey of 500 people in Germany who bought a baby stroller in the previous two years, participants were asked about brand awareness and current brand use in addition to being given the battery of questions intended to identify price personalities. In this way, we hoped to determine the price personalities not only for the market in general, but also broken down according to individual brands.

RESULTS

The results of the study clearly revealed that when it comes to the well-being of children, price plays only a subordinate role. In the baby stroller market, the “risk avoider” is the dominant type of customer. This is a kind of shopper who tries to avoid the risks of a purchase by using such strategies as asking for personal sales advice. Next comes the high-price shopper who willingly spends more than expected and who gets excited about a product’s innovative features. That is the sign of a market in which price is secondary and a shopper’s ego paramount. Nearly a fifth of all shoppers are brand loyal, swearing by a specific brand and showing a clear preference for buying it.

WHY INTERCONNECTION

- Long-standing experience in B2B market research
- Methodological and branch expertise
- Company interview center with native speakers providing necessary language expertise

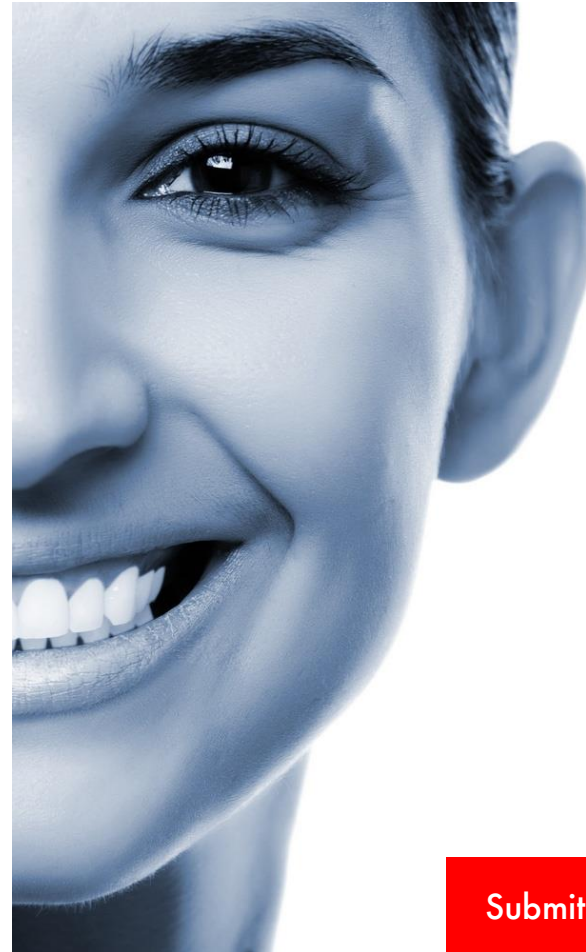
We are always glad to answer
any questions you may have!

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