


Go To Market Strategies: Week 9 – Module 2

David Bell (@davidbnz)

Xinmei Zhang and Yongge Dai Professor

- **Ease of Comparison**

- Private label products, i.e., retailer brands used to be placed in a separate section in the store; placing the private label next to branded products increases the ease of comparison and thereby increases price sensitivity 

- **Expenditure**

- Large volume users tend to be more price sensitive
- Buyers tend to be more price sensitive when the focal component is a large part of total costs

○ Shared Expenses

- A separation of between the user, e.g., an employee and the payer, e.g., an employer can lessen price sensitivity



○ Price / Quality inferences

- When quality differences exist between, but the user cannot distinguish them e.g., in the case of complex legal services, price sensitivity will be lessened
- This is especially true when the seller uses branding and other methods to signal quality

Measuring Price Sensitivity



Conditions of Measurement

Variable Measured

Natural

Experimental

Actual Purchase

Sales data

Field experiments

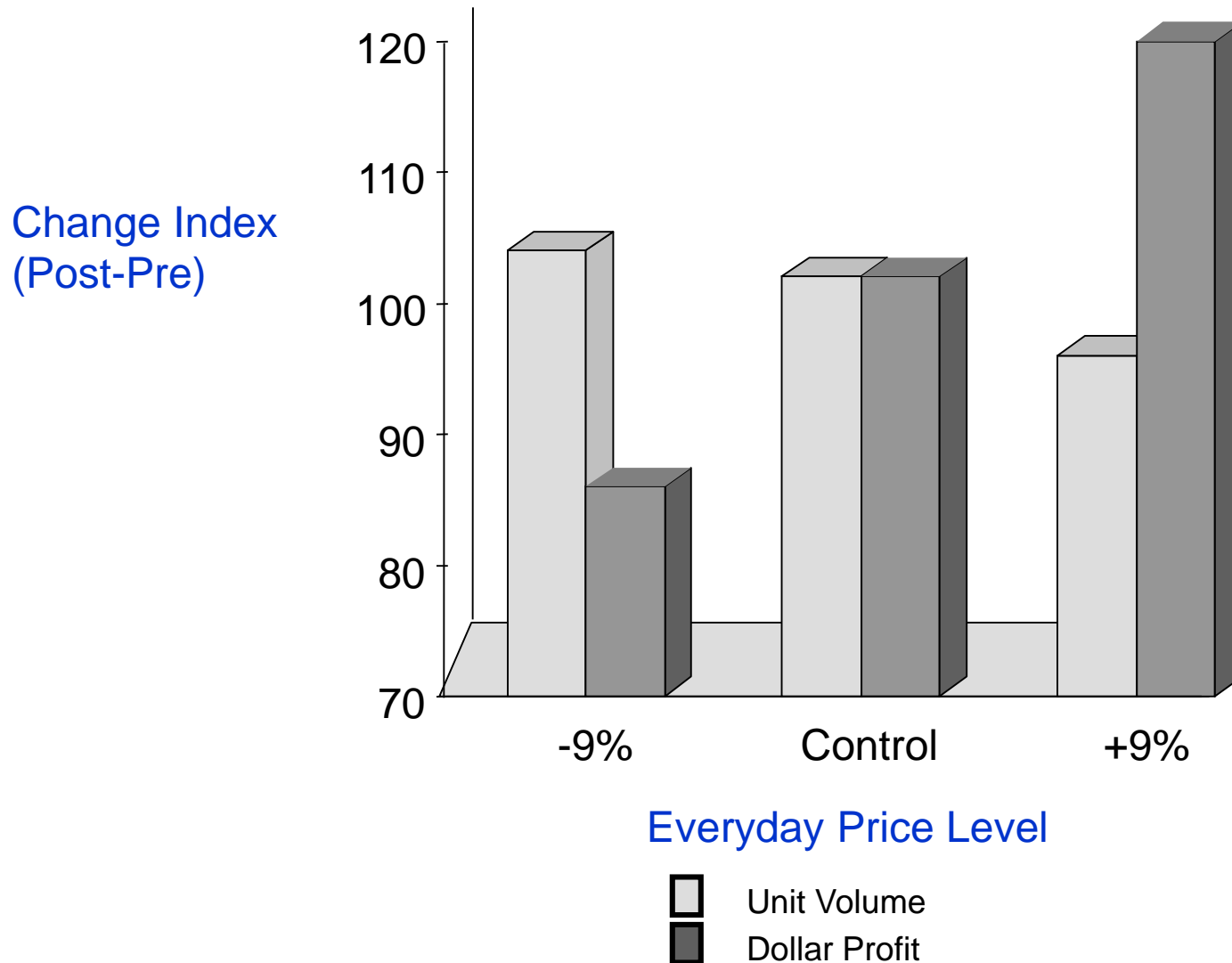
Laboratory experiments

Preferences/
Intentions

Surveys

Trade-off analysis
(conjoint)

Field Experiment



- **9 endings [e.g., \$3.99, etc.]** Some experiments suggest that charging odd prices results in a substantial effect
- **Experiment:** Effect of advertised price endings on sales of margarine:
 - Regular price \$0.83; Sales = 2817
 - Discount price \$0.63; (+194%)
 - Discount price \$0.59; (+406%)