Aggregate and Segmented Analysis

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Van Westendorp

The Van Westendorp Price Sensitivity Meter (VW PSM) is a market research technique for determining consumer price preferences. It is particularly useful for services and products which do not fit an extant market niche. Four questions are asked of potential customers: "At what price per month would you consider [product / service] to be...

1. so cheap that you would question the quality?"
2. a bargain or a great buy for your money?"
3. getting expensive but still worth consideration?"
4. too expensive to consider?"

Using the Data

The below plot depicts the VW PSM for all of our target region. Note point A, the 'lower price bound' (the intersection of the red "too cheap" and green "bargain" lines) as well as the point B, the 'upper price bound' (the intersection of the teal "not expensive" and purple "too expensive" lines).
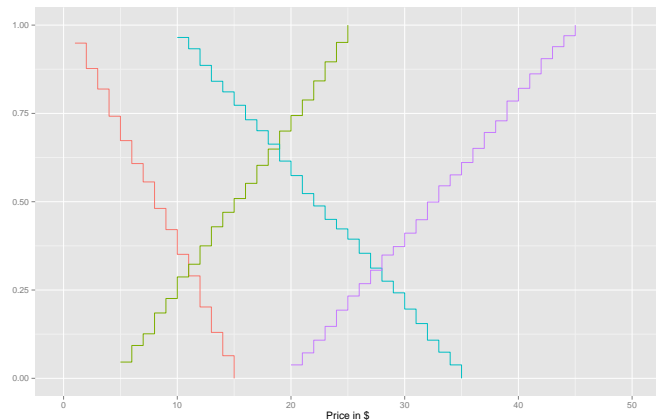
Traditionally, one prices a service through one of these two strategies:

I. Gain market share at the expense of profit by pricing between points A and B.
II. Gain maximum profit at the expense of market share by pricing between points B and C.

Responses by Subset

Our product falls in Z spot. Tables to the right depict the VW PSM results from subsets A & B.

Subset A				
Grouping	Low Bound	Middle Intersect	Upper Bound	n
A1	a	b	c	d
A2	a	b	c	d
A3	a	b	c	d
A4	a	b	c	d
A5	a	b	c	d
A6	a	b	c	d
A7	a	b	c	d
A8	a	b	c	d
A9	a	b	c	d
A10	a	b	c	d
A11	a	b	c	d
A12	a	b	c	d

Subset B				
Grouping	Low Bound	Middle Intersect	Upper Bound	n
B1	a	b	c	d
B2	a	b	c	d
B3	a	b	c	d
B4	a	b	c	d
B5	a	b	c	d
B6	a	b	c	d
B7	a	b	c	d
B8	a	b	c	d
B9	a	b	c	d
B10	a	b	c	d
B11	a	b	c	d
B12	a	b	c	d

Overall				
Subset A	x	y	z	q
Subet B	x	y	z	q
Total	x	y	z	q