Willingness to Pay and Perceived Value

Research indicates that willingness to pay in bike-sharing is strongly shaped by perceived value rather than the objective or intrinsic worth of the service. This creates a significant risk when operators rely heavily on discounts or promotions. While such tactics may increase short-term uptake, they also condition customers to expect lower prices, diminishing long-term willingness to pay and encouraging “free rider” behaviour.

These findings highlights that the fundamental value of the bike itself is not the key driver, what matters is how useful, convenient, and reliable the service is perceived to be relative to alternatives. To justify prices, particularly when set above competing transport modes, operators must focus on enhancing service quality, reliability, and customer experience. A positive perception of convenience and utility is essential for sustaining higher price points and avoiding destructive “price wars” within the market. Therefore, the sustainability of the bikes need to be drilled into the product and marketing in order to convince others to see its value, not that it is just a way to cut costs.

Willingness to pay and sustainability

Consumer research consistently shows that customers express a higher willingness to pay for services perceived as sustainable, eco-friendly, or socially responsible. However, this premium is often conditional: people may support sustainable options in principle, but the extent of their willingness to pay depends on whether the added value is clearly communicated and felt in practice.

In the cycle sector, this suggests that simply highlighting recycled materials or reduced emissions may not be enough to justify higher prices on their own. Instead, sustainability needs to be embedded into a broader value proposition—for example, linking eco-friendly materials with durability, reliability, or community benefits. By positioning sustainability as an enhancement of quality and convenience, operators can make the price premium more tangible and defensible.

Willingness to pay for sustainability is not uniform across demographics. Younger users and international tourists, for example, often show a greater preference for sustainable services, meaning targeted marketing can help capture segments most likely to accept modest price premiums. This could be perfect for the Brighton market as they are the main demographics of the city. I would make sure to consider the students are likely to value cost over sustainability as they are going to be on a budget, perhaps a student pass could account for this.

**Quantifying the Sustainablility premiums**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sector / Market** | **% of Consumers Willing to Pay More** | **Average Premium (Markup) They’ll Pay** | **Details / Source** |
| Global Consumers (PwC, 2024) | ~50% | **9.7%** | PwC survey across 25 countries |
| Developed Markets (Bain & Co.) | 30–40% | **8–10%** | UK, Germany, France, Italy |
| Global Average (Bain & Co.) | 40% | **12%** | Across 11,000 consumers worldwide |
| Emerging Markets (Bain & Co.) | 50–60% | **15–20%** | India, China, Brazil, Indonesia |
| Consumer Goods (Simon-Kucher, 2021) | 34% | **22% (avg of those willing)** | Global consumer survey |
| Meta-analysis (Food Products) | 40–60% | **29.5%** | Review of 80 global studies |
| Socially Responsible Products (Meta) | 30–50% | **17.3%** | Durable & non-durable goods |
| Mobile Phones (Nordic vs Germany) | ~30% | **18% (Nordics), 12% (Germany)** | Eco-labeled phones |
| Apparel (Luxury Fashion, UK) | ~40% | **~20%** | Fashion buyers study |
| Zero-Carbon Shipping (BCG) | <20% today | **~3%** | Expected to grow |
| European Consumers (BCG) | 17% | Varies (low, <10%) | Pan-European survey |

I had a thought if recycled plastics lower costs it may be a better approach to take the cheaper pricing route to undercut competitors so here are some positives and drawbacks of both to help you consider both.

**1. Low Price Route (if recycled plastics reduce costs)**

✅ **Pros:**

* Makes you highly competitive against Lime, Beryl, Santander.
* Attracts *price-sensitive locals* (e.g. students, commuters).
* Encourages trial → faster adoption.
* You can still market sustainability as a “bonus” without needing people to pay extra for it.

❌ **Risks:**

* Harder to raise prices later (price wars are common in rentals).
* Could be seen as “cheap” rather than “eco-innovative” if not framed carefully.
* You’d rely more on volume to cover redistribution & maintenance costs.

**2. Sustainability Premium Route**

✅ **Pros:**

* Differentiates you from existing schemes (eco-led positioning).
* Taps into tourists and middle-class locals willing to pay **~8–12% more**.
* Opens doors to **funding & partnerships** (local council, ESG investors).
* Better margin per ride.

❌ **Risks:**

* Smaller customer base if priced above Lime/Beryl.
* Tourists may pay once but locals might turn to cheaper alternatives.
* You’d need to *prove* the value (clear eco-branding, storytelling, impact reports).