

PriceDeveloper™

A powerful approach to your most complex pricing issues.



Why PriceDeveloper™?

Pricing is one of the most complex and critical decisions marketers face. When price counts, you will want the experience and expertise that Radius brings with PriceDeveloper.™

PriceDeveloper™ is a flexible and powerful approach designed to handle the most vital pricing decisions. Most importantly, Radius brings knowledge gained from hundreds of pricing projects executed for a variety of marketplaces— from FMCG to bundled Service Options to B-to-B services to complex equipment.

PriceDeveloper™ delivers the specific data needed to build a business case, run a risk assessment and otherwise quantify how pricing a product or service offer will impact your position in the marketplace.

What makes PriceDeveloper™ different?

PriceDeveloper™ replicates the buying decision using a Choice-based micro-modeling approach. For the consumer, the presentation of marketplace alternatives is simple and straightforward. They are shown multiple arrays of competitive offers and asked to select the one they would buy.

Before that happens, Radius works closely with you to understand the dynamics of the purchase decision, the array of options comprising price— market-by-market pricing, promotional offers, competitive pricing, discounts, packaging options, peripherals pricing, just to name a few—to insure that the models best reflect reality.

When the data is back, we employ sophisticated modeling to create marketplace simulations of the buying decisions under alternative pricing scenarios. Using Excel-based simulation, we help you to identify the best pricing strategy for the problem you face. »

When should PriceDeveloper™ be used?

Whenever you have a business challenge that involves a pricing decision that you don't want to address by launching an in-market test, PriceDeveloper™ is the best option. Examples of the types of business issues that Radius has tackled with PriceDeveloper™ include:

- **Price Creep:** Your cost of goods is escalating and you need to take a substantial price increase. Will you lose customers? Will they trade down or opt out all together?
- **Money on the Table:** Your product or service has clearly superior advantages. What premium can you charge? At what price point will you optimise your revenue by balancing premium price and overall market penetration?
- **Piece-Part Pricing:** You sell razors but make your money on the blade refills, you sell mobile phones but make your money on add-on services, or you sell medical devices and offer an extended warranty and ongoing maintenance. How should you build your pricing structure to maximise revenue? Should you bundle individual components and sell them for a flat fee or should you offer an a la carte price?

What does PriceDeveloper™ deliver?

PriceDeveloper™ delivers a clear recommendation for pricing strategy. You will understand changes in market penetration and share under alternative pricing scenarios. You will understand which brands can command a price premium and which must use price to draw in new customers. You will see revenue-neutral price points that balance 'share' against price.

All of this comes with an Excel-based Simulator which you can use to simulate competitive activity in the pricing arena and your best response to that activity.

Like all of the models that Radius builds, the pricing model is micro-based. That means that you can examine actions across critical sub-segments of your current and potential customer base.

Case study

A call for a price strategy.

A major mobile carrier wanted to increase its subscriber base by continuing to offer service to customers among consumers with lower credit ratings, but at the same time offset their increased risk of those customers defaulting on their contracts and creating net negative revenue. The carrier was looking at various combinations of a deposit, activation fee, and upfront payment of the monthly service fee. Using PriceDeveloper™, the mobile carrier was able to understand consumers total out-of-pocket price sensitivity and the best combination of fees to maximise the upfront revenue collected without reducing close rates. ●

