



BPTOsm (BRAND/PRICE TRADE-OFF)

The BPTO approach may be described as a conjoint study with two specific attributes: 'brand' and 'price'. This aspect of the technique makes it particularly appropriate for use in certain markets since the trade off decision which respondents are asked to make is akin to that which they face when actually purchasing many products.

With many products the brand name on a product is a summary for everything which can be said about the product. When buying such products one thinks of buying a brand, not a combination of product features and, by treating products in this way, the BPTO technique is actually recreating the buying process and not asking an unrealistic task of respondents.

BTPOsm is a sophisticated pricing approach... a method to gauge the relative importance of different product attributes in affecting consumers'

Each BPTOsm study is tailored to the specific objectives of the research, although the most typical procedure adopted is for each respondent to be shown a set of relevant products or brands under repeated, but each time slightly modified, pricing scenarios. The brands used should be those that are of interest to the Company, and are the usual

range available to the respondent. The brands, therefore, usually comprise the test brand (or brands) and its most likely competitors.

BPTO can help to tackle

1. The analysis of price elasticities for both the Company's and its competitors' products.
2. To examine such price elasticities in the relevant competitive context, i.e. the investigation of the sources of potential increases in share for a brand, as well as the study of which other brands benefit from one losing share.
3. The simulation of specific pricing scenarios - for example testing the reactions of the market to potential price changes, either of the Company's or of competitors' brands. This would include, for example, being able not only to simulate the effects of the Company introducing new prices, but also the effects of retaliatory price changes from other producers.
4. The examination, not just of share of choice or the number of consumers choosing a brand, but also the share of volume which is a function of numbers choosing and weight of purchase.
5. The creation of a model which permits the Company to run its own simulations.