



## **The Power of Market Research: Three Cases Where Customer Insights Put the Final Seal on Commercial Decisions.**



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Certainty is a luxury afforded to very few businesses. And in a continually shifting market landscape, it is notable mostly by its absence in many of the biggest decisions that we face. Unfortunately, that doesn't stop those decisions from coming and you need to be confident that your next step will drive the most value possible, with every risk accounted for.

The more challenging your decision, the more important it becomes that decisions are based on more than just intuition, historic data or professional expertise. This is when highly focused insights gathered directly from your existing or potential customers are at their most valuable.

In our work, market research is often the insight that convinces clients to take one significant commercial step which will deliver bigger profits, as opposed to smaller, more cautious changes that offer little or diminishing returns. Customer insights don't just help mitigate the risks inherent in big decisions, they can also secure buy-in from stakeholders, increasing everyone's confidence that they are taking the right action.

Here are three scenarios in which pricing and brand value-specific research has set the seal on critical decisions for our clients:



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## 1. FINDING AND MAXIMISING HIGH-IMPACT OPPORTUNITIES

Every business likes to know what it does well, but the best performing continually search for ways to raise the bar. Your transactional data is a powerful tool for analysing and predicting how your business performs, but it doesn't expose what your customers really think of your value – or how you can improve it as a brand.

Market research fills in the gaps by asking your customers directly about what they are thinking and feeling – the results of which will inevitably influence your commercial decisions. That might mean learning where you did a great job of meeting your customer's needs, but it also means knowing when and how your competitors did better, and where you fell short.

It's also about staying ahead of the market as a whole and finding commercial opportunities at the earliest possible stages. Are your customers searching for a solution to replace what they're using today? Why? What capabilities will the new solution need to have?

The answers to these types of questions cannot come from a cookie-cutter survey. It takes a robust, collaborative approach to design and sampling to ensure that you're speaking to the right people, in the right numbers, to provide the right information. Only then can you build the confidence you need to make the right commercial decision.





## FROM COMPETITIVE PRESSURES TO £16M MARGIN UPLIFT

Sometimes, it takes a period of stagnating commercial performance for businesses to find and realise the opportunity to raise the bar.

A global B2B supply chain solutions provider came to us while facing significant competitive pressure in sections of their portfolio, with an average cost-plus pricing model that did not capture the full value of customer willingness to pay and no differentiation at all for different customer segments.

While they were growing quickly in some countries, the lack of a clear growth strategy had also resulted in sub-optimal margin improvements.

By getting targeted insights directly from their customers, we learned that some segments were willing to pay in excess of 50% above their current price, while our competitor and value driver assessments showed the client could comfortably operate at a premium to the next-best alternative.

Through an advanced algorithm, we were able to determine key customer value drivers and create customer segments to allow for effective differentiation. We also overhauled the client's renewal and acquisition strategy with segmented recommendations.

As a result, the client achieved annualised margin improvements in excess of £16m (representing 5% of margin base). Just as importantly, the insights delivered a more granular understanding of their brand position which enabled them to both defend their market share and develop segment specific strategies.

We also worked with them to develop research and segmentation tools, including upskilling the central insights team to ensure the repeatability of the study. The client can now apply its newly developed pricing principle to its remaining markets and products across Europe.



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## 2. KNOWING WHAT CUSTOMERS WILL PAY MITIGATES THE RISK OF LEAVING MONEY ON THE TABLE

Even if data analyses and market trends predict a price rise is well overdue, it's not always simple to implement. After all, no-one wants to make a mistake that might impact brand performance, especially in highly competitive markets where commercial teams are driven by volume KPIs.

Voice of customer research plays an essential role in situations like this. We've created bespoke studies for prominent international brands to evaluate their price position versus competition; and investigate customer brand perceptions and willingness-to-pay. These insights have supported board-level decisions, identifying price ceilings beyond which revenues diminish, as well as gaps where the market will accept a price rise without negatively impacting brand image or the market's natural propensity to purchase.

Without this level of insight backing market acceptance, commercial directors can be negative and hesitant about applying substantial price increases. And if they don't, the result is a significant opportunity-cost, i.e., the revenue difference between actual prices and what customers are willing to pay.

Additionally, our insights delve into the decision process behind purchasing, to investigate what customers value most. By identifying the key drivers of purchase – features and brand or service elements that play into the value equation – we can align price to product in such a way that it offers maximum 'value' to the end-user.

In summary, the right research will tell you what price your customers are willing to pay, how to optimise your proposition versus competition and which features motivate buyers to open their wallets. You can also learn which features people will pay more for, and how discounts factor into the sale. The answers to these questions have led to profitable price reviews with changes taken more confidently, with more buy-in, across our clients' businesses.





## THE 15 MILLION EURO QUESTION

This is exactly the process a B2C European multinational retailer with ~85 stores, went through recently. Data analytics established they were significantly under-pricing across a number of their ranges. When we initially advised them of the scale of the opportunity to drive greater revenue, they were hesitant to commit to making what they considered to be a risky price increase.

However, the proof was in the responses of their customers, which demonstrated beyond doubt that the perceived value of many of the retailer's goods was far greater than what customers were paying. This convinced the retailer to drive the full price increase across all recommended ranges, delivering an additional 15 million Euros in revenue in just three months.

Before they fully understood the customer perception of their brand, there was little chance this retailer would have committed to the recommended increases. Any changes that were made would have been conducted one product line at a time over many months, risking an enormous amount of revenue that would have otherwise been left on the table.

As new converts following the success of their first price optimisation, we now repeat a cross-sectional survey every six months to monitor the impact of price changes and to track changes in market dynamics. We have built an insights dashboard that allows them to stay on top of customer perception of both their brand and their competitors, as well as the impact of price changes.



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### 3. LAUNCHING A BRAND NEW ‘NEVER SEEN BEFORE’

If you're vested in something truly new to market and 'never seen before', there is often little or no data on which to base decisions how the market will respond.

- Will people even want to buy what we're selling?
- How do we coin the proposition to maximise its perceived value?
- How much will people buy and what price are they willing to pay?
- What's the trade off and what will entice them to pay for a solution to something they didn't even think they needed before now?

This is where research really comes into its own.

With the right questions, prospect research can delve into what potential customers really need. It can test different variations of your proposition, to understand how value is best instilled to maximise experience and the price that buyers are willing-to-pay. When there is no existing data to draw upon, research insights can provide the basis for recommendations on how to build your commercial model, from your channel plan to pricing levels.

It can also help you understand the trigger events that set customers searching for your solution, as well as the factors that contribute to usage, frequency of purchase or renewal. This can be used to make recommendations on how products should be packaged for optimal interest and differentiation, and the price at which the majority of customers buy them i.e., optimal uptake.

Without market intelligence there are a lot of unknowns and thus a greater risk of failure. The cost of investigative research is usually a fraction of any launch effort, so it's a worthy risk-minimising investment. Even if you're confident selling without customer insights, how do you price it right the first time? Getting the price wrong at the outset is an expensive mistake. If you're under-priced, it's hard to build 'value' back at a later date; if you're over-priced, the market uptake is likely to be too slow to fool-proof a supporting cash-flow.





## A GO-TO-MARKET STRATEGY THAT DELIVERED £4.7M PROFIT

When a B2B technology client approached us to develop a go-to-market strategy for them, they needed answers to many of the questions outlined above.

The client needed both value propositions and a pricing strategy to differentiate and showcase a 'never seen before' high-end product to achieve strong share penetration of what was essentially a commoditised tech-market. They wanted to understand their prospects' value perception of the product and willingness-to-pay for what was to be a higher-end solution that challenged the basics that the market was used to.

After a number of workshops with the client to define the potential product options, we ran a targeted survey to principle decision-makers in organisations that were already using existing low-end tech-solutions, to test appetite for high-end solutions, and to understand what they would be willing-to-pay. The research focused on understanding the market view of current offerings and evaluated the premium that the new proposition options could confidently command. It also identified the key sectors to target i.e., those that expressed the strongest need or interest in purchasing a more robust solution.

From clear value propositions and willingness-to-pay insights, we developed final price recommendations including a full rate card and discounting strategy for volume sales, as well as a supporting go-to-market strategy that identified both a list of high-priority target use cases and a premium uplift for the new product ranging between 15% and 40%.

Not only did our research confirm interest from high-volume customer prospects, but our go-to-market strategy also minimised revenue cannibalisation from existing customers, while realising profit targets.

Under a conservative scenario, the market potential resulting from this strategy stands at £4.7m profit by FY29, with a 60% cumulative profit margin.





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## POWER UP YOUR BUSINESS WITH ROBUST CUSTOMER INSIGHTS

In our work, high-impact customer insights are often the clincher that go straight to the heart of our client's commercial challenge, answering the difficult questions and making sense of which solution delivers the outcomes you need.

Our innovative work over the past decade has given us an unrivalled understanding of what our clients need to know to make the right decision. Every project is bespoke, which means we listen to you first before considering and finding the optimal research methodologies. It all starts with collaborative sessions to scope and design – we focus on methodologies that will provide the data we need to deliver the commercial insights you can confidently act upon.

The power of high-quality market research is undeniable. The key is working with people who have achieved outstanding results. Nearly half of all our pricing consulting projects include an element of primary research to solve and validate hypotheses, providing our clients with robust insights they can confidently depend upon.

## Get In Touch For A Free Consultation

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