



Case Study:
Pricing Strategy in Property & Letting

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Case study: Pricing and differentiation analysis for serviced apartments, for a national property letting company...

Client	UK Property Letting Chain
Issue	Pricing and Differentiation Strategy for Serviced Apartments
Approach	<ul style="list-style-type: none">• The client wished to understand the different price flexibilities and connected service needs of non-corporate customers who use serviced apartments• The client had robust understanding of market for corporate customers, but had little knowledge of the growing sector for non-corporate customers• The first phase of analysis focused on understanding key needs and how these varied across different groups• The main area of work involved conjoint analysis to understand the customers' willingness to pay overall, and for different levels of service• Competitor analysis was also undertaken to understand competitor proposition and pricing in relation to the clients
Results	<ul style="list-style-type: none">• WS identified an underserved potential high margin segment that could be captured through differentiation on service levels• This allowed the client (in combination with internal data on corporate customers) to build a differentiated business and pricing model, with particular properties targeted at high margin customers

White Space conducted in-depth analysis of the price flexibility of potential customer segments, and flexibility offered by competitors...

Customer Price Flexibility Analysis

Needs Analysis

- Initial survey followed by TURF (Total Unduplicated Reach and Frequency) analysis to determine the most desired extra services to be used in conjoint analysis

Conjoint Analysis

- Full profile conjoint analysis was used to determine:
 - Overall price flexibility
 - Price flexibility differences for different customer groups
 - Appetite for “added value” services

Competitor Proposition Analysis

Competitor Proposition Analysis

- Mystery shop of competitors to understand proposition and service levels offered in this market

Price Point Analysis

- Benchmarking of competitors’ price ranges, to see if they are narrower or wider than the client’s

Pricing Strategy Analysis

- Identification of whether competitors are varying price by customer type as well as by product
- Achieved by two very different people gaining quotes on the same properties

This allowed White Space to identify groups of customers with differences in price flexibility, and identify areas where they were underserved by the market

Case Studies:

The conjoint study was carefully constructed to reflect realistic customer choices available in the market...

Please consider the following apartment and services:



Luxury Apartment with:

1 Bedroom en suite

Large reception room

Modern kitchen

Fully equipped study/ office



Maid and laundry service

Concierge Service

24 hour Porterage

Leisure facilities

Room service/ food delivery



Weekly Rental Price

£1,265

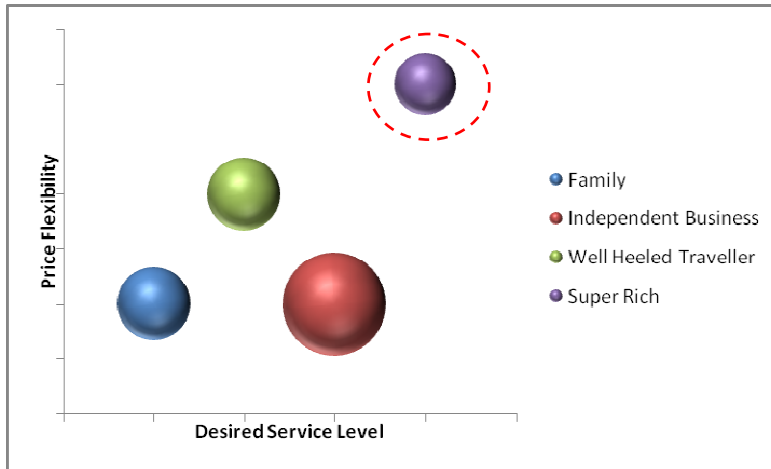
Q1: How likely would you be to choose this apartment?

Q2: If you had to make a decision to rent this apartment would you?

Q3: If no, why would you not rent this apartment? (3 – 4 closed options)

Case Studies:

The detailed conjoint and competitor analysis allowed White Space to identify previously unknown areas of opportunity...



Key Segment Identification

- Project identified different customer segments based on price flexibility and service requirements
- The work identified a small group of customers with high price flexibility who could be attained by differentiating on service, and were underserved by the market
- In addition, WS identified a large segment of the current customer base with both low flexibility and high service expectations

WHITE SPACE Price Increase

	Basic	Medium	High	Luxury	Average Increase
Family	£0x	£0x	£0x	£0x	£0x
Independent Business	£0x	£0x	£0x	£0x	£0x
Well Heeled Traveller	£0x	£0x	£0x	£0x	£0x
Super Rich	£0x	£0x	£0x	£0x	£0x
Average Increase	£0x	£0x	£0x	£0x	£0x

Price Optimisation

- White Space delivered a market simulator that modelled revenue based on price flexibility and desired service levels

This allowed the client to optimise price and service levels for individual properties, targeting specific properties at the desired segments to maximise revenue

The combination of pricing analysis and market understanding allowed White Space to identify areas where the client could take action to increase revenue