

A manufacturer of Lawn & Garden accessories was considering introducing a safety enhancing feature to one of their most important products. Before investing in this feature, the company would like to have an estimate of the feature's value to end users.

*Their question is: **what price can they assign to this feature and experience an attractive return on investment if they move forward.***



## IMPORTANCE OF ESTIMATING \$ VALUE OF A FEATURE

Without an estimate of the value of a new feature, the disconnect between what's possible and what's desirable is unknown. Many "killer" features have been introduced in the market only to find that, while consumers want the feature, they are unwilling to pay the premium expected by the manufacturer. As a result, the misguided investment leads to decreased profit margins, lower sales, and internal frustration at the inability to sell the product at the new price point. Estimating the dollar value of a feature sets a clear expectation internally with stakeholders, providing a go/no-go on new features for your product.

## OUR CLIENT'S SITUATION

The Lawn & Garden industry, like many others, is rapidly changing, requiring manufacturers to adapt to marketplace needs. Features abound and engineers are constantly developing new features for their products that they anticipate consumers will want. However, those in marketing realize that the connection between what's possible in engineering and what the consumer is willing to pay for needs to be quantified in order to determine marketability.

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Using The Stevenson Company's proven methodology to **estimate the dollar value of each feature** mitigates the risk associated with pricing these new features. This process saves our clients from introducing the product at too low a price - thus leaving "money on the table" or introducing at too high a price thus curtailing demand.

**"Being able to estimate the value of the features to the end user enables us to extract the maximum value...without leaving money on the table"**

## Case Study: Pricing a product feature to produce attractive ROI

### ESTIMATING THE DOLLAR VALUE OF THE FEATURE



*Finding the balance between price and demand can be tricky*

Solving the client’s problem required The Stevenson Company to use our proprietary process to obtain prospective customers’ estimates of the value of existing and proposed new product features. We worked together with product managers, marketing, and engineering to achieve success. A brief overview of the process involved the following:

- Identify list of existing features on the product
- Identify new features to be tested
- Develop price point constraints for entire product
- Develop model of existing marketplace to use as a base case
- Survey consumers using Trade-off modeling software
- Input utility and \$ value of each feature into our proprietary Stevenson Marketplace Simulator (SMS)® tool
- Output values into SMS for client to adapt marketplace modeling to changing marketplace conditions

The proprietary SMS tool provided to the client allowed them to run with dynamic estimates of share of preference in scenarios of potential future marketplaces.



*Output from the powerful SMS Tool*

### OUTCOME: OPTIMIZED FEATURE & PRICING

Our client was thrilled with the outcome using our process and the SMS. The results allowed the client to compare the dollar value of the proposed new feature with dollar values of known current features. In addition, we built in the ability to compare these dollar values to other potential new features. After receiving the trade-off results of our research, we worked together with our client to use the SMS. Our approach allowed the client to optimize the pricing and feature mix. The client is currently assessing their increases in market share as a result of this study.

*“ The Stevenson Market Simulator was literally invaluable when it came to building a model of the marketplace. I couldn’t believe how easy to use the tool was, yet it was so powerful. And the fact that it sits right on my desktop means I can update the model as the market changes. Brilliant. ”*

#### Contact Us

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