

UNDERSTANDING CONSUMER PERCEPTIONS OF DIY PRICING

We investigated why Brazilians believed a hardware chain's products were expensive compared to those of competitors.

The client

The client is one of the most important player in building material market.

Situation

A building materials and hardware company traditionally enjoyed a strong brand image in the Brazilian market as a supplier of high-quality products at a premium. It differentiated itself from its rivals on the excellence of its customer service and its reputation for specialist advice.

However, lower-priced competitors were rapidly improving consumers' perceptions of the quality of their offerings. Facing the prospect of losing market share to its rivals, our client wanted to find out why customers believed its prices to be high.

Approach

We knew the company's business well because we had handled its brand and image tracking for several years. In response to its growing challenges, we redesigned our tracking study to get a deeper quantitative and qualitative understanding of consumers' perceptions around its pricing.

We conducted around 2,500 face-to-face interviews each year across 14 cities and regions. In addition, we collected retail price data for our client's stores and those of the competition. Qualitative interviews with store owners provided further insight into emerging retail trends.

Outcome

Our study explained why customers believed its goods to be expensive. Our data revealed that this opinion was not rooted in reality since our client actually sold its goods at lower prices.

We found that consumers thought our client's offerings to be more expensive than they actually were because of its historic positioning and communication style. From the qualitative research, we learnt that stores reinforced the perception of high pricing by prominently displaying the most expensive goods and full price tags for items on sale.

Based on this knowledge, the building material company took steps to address customers' views of its pricing and to strengthen its image among Brazilian consumers.



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