

– Pricing and Discrete Choice –

A discrete choice design is ideal for examining price sensitivity when other product features are largely decided and the primary need is determination of market share in various competitive pricing scenarios.

Discrete choice presents consumers with choice tasks that more closely resemble an actual purchase situation. Consumers are presented several sets of products (or services) and asked to choose between the offerings in each set, where each set differs in term of competitors and price levels offered.

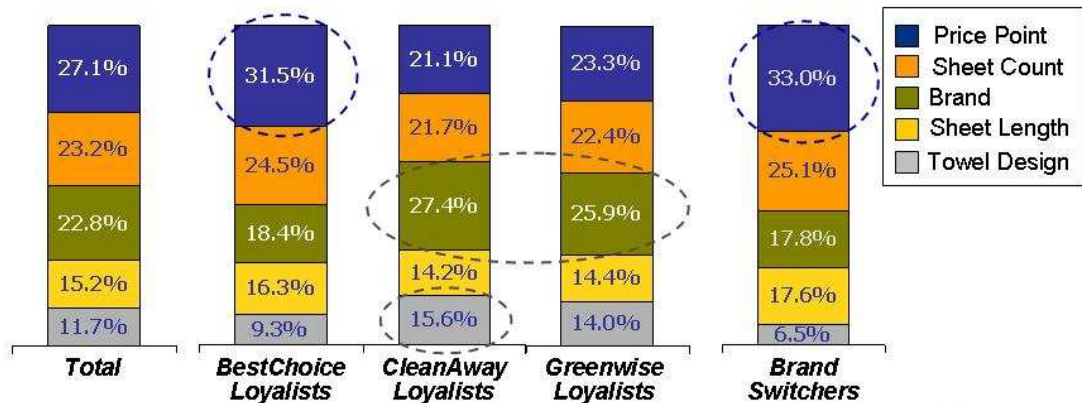
The offerings presented to consumers in each set are determined via experimental design to enable development of a choice model representing the market, though simplified to a degree since it is not possible to completely account for all market forces. Note that variables external to those in the study can be built into the model to address some presumed market forces.

Importance of Attributes -- Share of Importance*
Total and Key Buyer Segments



- > Relative importance is determined by the range of utility scores for a given attribute or feature, and reflects how much difference each attribute will make to the total utility of a product.* Price has the greatest impact on paper towel choice among *Total Category Shoppers*, followed closely by sheet count, brand name, and more distantly by sheet length and towel design.
- > Comparing across key buyer segments, price is more important to *BestChoice Loyalists* and *Switchers*, while brand name tends to be a stronger driver among *CleanAway* and *Greenwise Loyalist* segments. Also, though not a strong driver, note that *CleanAway Loyalists* tend to value towel design (quilting) more so than the other buyer segments.

12 Rolls/Pack, Perforated, 1-Ply Paper Towel Product:



NOTE: Fictional brands and data.



* Chart reflects relative importance of each attribute/feature in choice of paper towel product. More details on the calculation of attribute importance are provided in the appendix to this report.

Base: Total Respondents (815); BestChoice (202); CleanAway (185); Greenwise (176); Brand Switchers (155)



The model and resulting simulator allow for anticipated future market pricing scenarios to be easily constructed and evaluated (sensitivity analysis), enabling a better understanding of market behavior in response to product and price level decisions.

Simulation Results – Share of Preference* Optimal Product Configurations



- > The simulator provided with this report is using conjoint utilities to gauge potential market appeal for product configurations. The conjoint utilities are estimated at the respondent level using Hierarchical Bayesian analysis, and each respondent's share of preference is assigned to the product configuration garnering that respondent's highest total utility. The model has been calibrated utilizing actual market share information and other external effects, as detailed in the appendix to this report.*
- > This section of the report displays summary results for several requested simulations, though the simulator allows management to easily test any other desired product configurations within the parameters of the model. The requested simulations assume both the "future" new *CleanAway* and *Greenwise* configurations anticipated, and evaluate results with twelve different potential responses regarding "future" *BestChoice* product configurations.
- > Of the twelve *BestChoice* profiles evaluated, the three shown below consistently rank in the top five across *Total Category Shoppers* and in each of the key buyer segments, with *BC#3* consistently achieving the highest share of preference among these three profiles:

| | Optimal BestChoice Configurations | | |
|--------------|-----------------------------------|-------------|-----------|
| | BC #3 | BC #9 | BC #7 |
| Price | \$12.39 | \$12.39 | \$12.99 |
| Sheet Count | 90 | 90 | 85 |
| Sheet Length | 14-inch | 12.5-inch | 12.5-inch |
| Towel Design | Not Quilted | Not Quilted | Quilted |

An example of simulation results for Total Shoppers appears on the following page. Simulation results for key buyer segments are not shown in the example.



* NOTE: Please see appendix to this report for details relating to the computation and calibration of simulated share results.

BC = BestChoice

NOTE: Fictional brands and data.

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Simulation Results – Share of Preference Total Category Shoppers -- 12 Rolls/Pack, Perforated, 1-Ply Paper Towel Product



○ = Top 5 BestChoice Outcomes Among Total Shoppers

BC = BestChoice

| | | BestChoice OPTIONS | | | | | | | |
|--|--|--------------------|------------------|-------------|-------------|-------------|-------------|---------|-----------|
| | | Future CleanAway | Future Greenwise | BC #1 | BC #2 | BC #3 | BC #4 | BC #5 | BC #6 |
| Price | | \$14.49 | \$13.49 | \$12.99 | \$12.79 | \$12.39 | \$12.39 | \$12.99 | \$12.99 |
| Sheet Count | | 85 | 90 | 90 | 85 | 90 | 75 | 75 | 80 |
| Sheet Length | | 14-inch | 12.5-inch | 14-inch | 14-inch | 14-inch | 14-inch | 14-inch | 12.5-inch |
| Towel Design | | Quilted | Not Quilted | Not Quilted | Not Quilted | Not Quilted | Not Quilted | Quilted | Quilted |
| BestChoice SHARE OF PREFERENCE >> | | | | 23% | 26% | 35% | 25% | 21% | 28% |
| CleanAway SHARE OF PREFERENCE >> | | | | 31% | 28% | 22% | 29% | 32% | 26% |
| Greenwise SHARE OF PREFERENCE >> | | | | 46% | 46% | 43% | 46% | 47% | 46% |

| | | BestChoice OPTIONS -- continued | | | | | | | |
|--|--|---------------------------------|------------------|-----------|-------------|-------------|-------------|---------|---------|
| | | Future CleanAway | Future Greenwise | BC #7 | BC #8 | BC #9 | BC #10 | BC #11 | BC #12 |
| Price | | \$13.99 | \$13.49 | \$12.99 | \$12.79 | \$12.39 | \$12.99 | \$12.99 | \$12.39 |
| Sheet Count | | 85 | 90 | 85 | 95 | 90 | 95 | 90 | 85 |
| Sheet Length | | 14-inch | 12.5-inch | 12.5-inch | 12.5-inch | 12.5-inch | 11-inch | 11-inch | 11-inch |
| Towel Design | | Quilted | Not Quilted | Quilted | Not Quilted | Not Quilted | Not Quilted | Quilted | Quilted |
| BestChoice SHARE OF PREFERENCE >> | | | | 32% | 28% | 33% | 19% | 21% | 22% |
| CleanAway SHARE OF PREFERENCE >> | | | | 22% | 27% | 22% | 35% | 33% | 32% |
| Greenwise SHARE OF PREFERENCE >> | | | | 46% | 45% | 45% | 46% | 46% | 46% |

○ Ranked in the top five across Total Shoppers and in each of the key buyer segments.



NOTE: Please see appendix to this report for details relating to the computation and calibration of these simulated share results.

Base: Total Shoppers (815)

NOTE: Fictional brands and data.

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