INFORMED PRICING STRATEGY
A Case Study on Value-Based Pricing Research

Understanding the Challenge

Covance was approached by a European client that was seeking to obtain the most favorable funding/price level for their product as it launched across Europe. The complexity of the hybrid product meant that Covance was commissioned to conduct specialized market research and develop a range of materials to support the product.

Solution

Covance proposed an integrated, two-phased approach that was designed to build towards a comprehensive commercialization strategy:

1. The development of an evidence-based value pack, consisting of:
   - A value proposition slide deck
   - A value dossier
   - An objection handler
   - An internal strategic document
   - Two cost-minimization/budget impact models

2. Then, 20 stakeholders in France, Spain, Sweden and the UK were asked to validate the value proposition slide deck and a series of pricing question techniques were used in the context of the value proposition, including:
   - Open-ended pricing to establish the perceived value of the product
Modified Van Westendorp to identify pricing corridors relative to competitor price

Value Priorities: which aspects of the value story drove opinions on price to gain insight into which value messages—and therefore which product attributes—are most valuable to stakeholders in terms of pricing negotiation

Stakeholder opinion on the value proposition was incorporated into the value pack and results of the research informed the client’s pricing strategy.

Value to Client

The research helped to unify the client’s understanding of the product’s value internally and provided strong evidence to justify the launch strategy and price point. With high quality materials and a well-understood budget impact, the launch of the product is underway and going well.

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