

Chapter 8

Empirical Investigation: Nokia study

The application of the Price Estimation scene (PE scene) in a real-world scenario is the main objective of this chapter. This was performed among the customers of the online shop of Nokia in Germany in October 2004. It will be illustrated how this PE scene delivers individual level estimations for willingness-to-pay (WTP) that can be used for market simulations. The goal of the simulations is to optimize bundling strategies for joint sales of a telephone with a contract and suitable accessories in the online shop.

Nokia offers the full product range of their products in the German online shop. In addition, the shop offers telephone contracts of all German mobile telephone net operators and providers. Lately, the shop has introduced bundled sales of a telephone with a contract and suitable telephone accessories. At the time of the investigation, the online shop offered three different product bundles:

The first bundle consisted of a NOKIA 5140 telephone with a “D2 Vodafone - Minutenpaket 100” contract. Bundled with this, the shop offered the battery charger cable “LCH-12” for the use in cars via the cigarette lighter, a stylish NOKIA key fob, and the exemption of shipping costs. The sum of the prices of the components was 89,50 €. The bundle was offered at a discounted price of 79,- €.

The second bundle consisted of a NOKIA 6230 telephone and a “D1 - Relax 100” contract, a leather case “CNT-327” for telephones, a stylish NOKIA key fob, and the exemption of shipping costs are offered. The price of all components was 78,95 €. The bundle was offered at 69,- €.

The last bundle consisted of a NOKIA 3220 with a “O2 Genion” contract. Bundled with this the shop offered the radio headset “HS-2R”, the battery charger cable “LCH-12”, a stylish NOKIA key fob, and the exemption of shipping costs. The full price for the bundle was 47,50 €, the discounted price was set to 1,- €.

Conjoint Design I (Telephone NOKIA 3220 with “O2 Genion” contract):

Data cable	Additional battery charger	Car charger cable	Headset
<ul style="list-style-type: none"> • DKU-5 • without 	<ul style="list-style-type: none"> • ACP-12E • without 	<ul style="list-style-type: none"> • LCH-12 • without 	<ul style="list-style-type: none"> • HS-2R • HDS-10 • HS-5 • without

Conjoint Design II (Telephone NOKIA 5140 with “D2 Vodafone - Minutenpaket 100” contract):

Data cable	Additional battery charger	Car charger cable	Headset
<ul style="list-style-type: none"> • DKU-5 • without 	<ul style="list-style-type: none"> • ACP-12E • without 	<ul style="list-style-type: none"> • LCH-12 • without 	<ul style="list-style-type: none"> • HS-10 • HDS-3 • HS-5 • without

Conjoint Design III (Telephone NOKIA 6230 with “D1 Relax 100” contract):

Data cable	Additional battery charger	Car Accessoires	Headset	Leather case
<ul style="list-style-type: none"> • DKU-2 • without 	<ul style="list-style-type: none"> • DCV-14 • ACP-12E • without 	<ul style="list-style-type: none"> • MBC-15S • LCH-12 • without 	<ul style="list-style-type: none"> • HDW-2 • HS-3 • without 	<ul style="list-style-type: none"> • CNT-327 • without

Table 8.1: Attributes and levels of the three conjoint interviews for the different telephones and contracts.

In order to design bundling strategies for telephones with the contracts the marketing experts of the online shop are confronted with two important questions:

1. What components should be bundled with the telephones and contracts.
2. At what prices should the bundles be offered.

The objective of the marketing strategies can be to maximize sales, for example to promote a certain telephone, to increase customer satisfaction, or to maximize profits.

The prices for the three bundles described above were set manually by marketing experts of the online-shop. The bundles were composed and priced in view of the cost structure and possible profits of the components and in view of alternative offerings in the market.

There exist many more telephones and contracts that could be bundled with different accessories. However, in our study we focused on the telephones and contracts described above and investigated how different accessories bundled with the telephones and contracts offered at different prices would affect profit and sales.