

# BETTER BUNDLING

How to maximise the impact and profitability of your product / service bundles



## WHAT IS IT?

Increasingly companies are bundling products and services together into a single customer offer with the aim of increasing margin, profit and customer loyalty as well as moving into new channels / sectors and bringing in new customers.

Often bundling can be initiated as a trial and error process – “let’s offer the bundled product to the market, and see what happens”. Whilst this may be successful in some instances, risks are associated with cannibalising existing product revenues, reducing profit margins and alienating prospective customers.

By investing in the R&D process to develop both the products and communications strategy, the commercial and competitive advantages of optimum bundling will be realised.

At KAE, we can help you improve the value of your brand by answering the following questions:

### What is the optimum way to bundle my products / services?

- ▶ To drive product development, pricing levels and revenue / profit forecasting

### How do I market a bundled product without cannibalising from individual product performance?

- ▶ To guide marketing communications

Successful bundling needs to be developed around key consumer needs...

24 HOUR CONVENIENCE

SECURITY

VALUE

...to provide business and competitive advantages.

INCREASED REVENUE AND LOYALTY FROM EXISTING CUSTOMERS

NEW CHANNEL AND CUSTOMER OPPORTUNITIES

POTENTIAL FOR INCREASED MARGIN

# HOW DO WE DO IT?

## DEPENDING ON YOUR NEEDS, THERE ARE SEVERAL STAGES WE CAN DELIVER:



### 1 PRESEARCH

Looking at existing trade and academic literature can focus and reduce the investment in R&D. Use it to find out:

- ▶ What does successful bundling look like?
- ▶ What are the trends in your and adjacent industries?
- ▶ What's happening in other markets that can inform decision-making?

### 2 COMPETITIVE INTELLIGENCE

Understanding exactly how your competitors are successfully (or unsuccessfully) bundling their products and services will allow you to learn from their performance and better understand how to position your offering against theirs. Competitive intelligence offers a detailed investigation that might include interviews with staff in key competitors, industry experts, internal reports / documents etc to answer the question:

- ▶ How exactly is it done by my key competitors, and what can we learn from their experience?

### 3 OPTIMISING AND FORECASTING

This is the core of the KAE offer. It will allow you to understand:

- ▶ What should my bundled offer / offers look like?
- ▶ What product elements should be included, and how should it be priced?
- ▶ Which bundles will drive the best net profit?
- ▶ Which options will best drive acquisition and retention?

Typically conducted using a consumer Conjoint survey, with a forecasting model developed off the back of the data.

### 4 MARKETING AND MESSAGING

Once the optimum bundle has been developed, the final stage is to understand:

- ▶ Who should I be targeting with my bundled offer?
- ▶ How do I communicate the benefits to my target audience?

This can be done in a qualitative fashion, using Slingshot techniques (ideal for developing messaging ideas), or a quantitative fashion using a Max-diff analysis in a consumer survey (ideal for ranking and prioritising pre-developed messaging options)

With almost 40 years of working with clients across multiple industry sectors and in all stages of the corporate lifecycle, KAE is uniquely positioned to offer support across the full range of strategic marketing and insight activities.