

WILLINGNESS TO PAY

Output indicator

Indicator Phrasing

English: % of potential customers willing to purchase [specify the product or service] for a given market price

French: % de clients potentiels disposés à acheter [spécifiez le produit ou le service] à un prix de marché donné

Portuguese: % de potenciais clientes dispostos a comprar [especificar o produto ou serviço] por um determinado preço de mercado

Czech: % potencionálních zákazníků ochotných si zakoupit [uved'te daný produkt nebo službu] za danou tržní cenu

What is its purpose?

This is an essential 'demand side' indicator assessing the proportion of potential customers who are willing to purchase the promoted product for a certain price (for example, purchase a specific type of a water filter for 4 USD). It is a useful measure for assessing the market potential and determining the commercial feasibility of a product or service.

How to Collect and Analyse the Required Data

Collect the following data by conducting individual interviews with a [representative sample](#) of your target group members:

RECOMMENDED SURVEY QUESTION (Q) AND POSSIBLE ANSWERS (A)

Q1: *If a seller offers your household [specify the product / service] for [specify the price], would you buy it?*

A1: yes / no / I do not know

To calculate the indicator's value, divide the number of respondents willing to purchase the product/ service for the given price by the total number of respondents. Multiply the result by 100 to convert it to a percentage.

Disaggregate by

[Disaggregate](#) the data by the respondent's [wealth](#), gender, age group and location.

Important Comments

- 1) The fact that a person says that s/he would buy the product for the given price **does not necessarily mean that s/he will actually do it**. It might also not automatically mean that they can afford it, despite seeing the value (i.e. the difference between 'willing' and 'able'). To some extent, the other way round might also apply – a person who initially refuses to pay the price might decide to do so once s/he is more convinced of the product/ service's benefits. Despite these 'inaccuracies', the data provided by the indicator are essential for any marketing-related activities that introduce new or promote existing products.
- 2) To avoid any misunderstanding, if you ask about a product, **show the respondent the product** (or its photo).
- 3) In case you are interested in **people's willingness to pay for a new or locally unfamiliar product/ service** which might be difficult for the target population to imagine, introduce the product/ service first, describe its benefits and only then ask about the respondent's willingness to pay (it is a challenging task for the respondents to decide how much they would pay for a product/ service they are not familiar with).
- 4) Consider asking people **why they would not pay a higher price** than the one they stated (it can show you what they perceive as the product / service's weakness).
- 5) The price you inquire about should be the **real price of the given product**.
- 6) The indicator assesses willingness to pay by using a simple customer survey method. There is a **range of other methods** you can use, such as experimental auctions. To learn more, read A Review of Methods for Measuring Willingness-to-Pay (see link below).

E-Questionnaire

- [XLS form for electronic data collection - indicator Willingness to Pay](#)

Access Additional Guidance

- Innovative Marketing (2006) [A Review of Methods for Measuring Willingness-To-Pay](#)