



PRICING IN B2B MARKETS USING SIMALTO

What is SIMALTO?

SIMALTO is an acronym for:

Simultaneous **M**ulti-**A**tttribute **L**evel **T**rade-**O**ff

This tool presents interview respondents with a series of criteria and asks them where they would like to see improvements and how much they value these improvements. It does this using a grid.

SIMALTO surveys have an advantage over conjoint surveys in that they do not need a large sample and they can accommodate up to 20 different attributes (7 is normally the maximum number of attributes for conjoint).

The SIMALTO Grid

Respondents are shown a grid (either through a website or faxed through) showing product or service issues.

For each issue, the respondent is shown different levels of service or features. They range from low levels at the left to high levels on the right. Accompanying these “levels” are text descriptions of what the service or product offering represents (this is useful since it helps to contextualize service levels in terms of real-world coordinates, rather than as abstract, numerical values).

Services	Level 1	Level 2	Level 3	Level 4
1. Face-to-face visit from salesperson	We never receive a visit from a salesperson 0	We receive an annual sales visit 5	We receive a quarterly sales visit 10	We receive a monthly sales visit 15
2. Knowledge of sales staff who visit you	They know next to nothing about their products and the industry 0	They have a basic understanding of their products and the industry 5	They have a good understanding of their products and the industry 10	They are experts in their products and the industry 15
3. Authority of the sales staff who visit you	They have no authority and everything is referred back to their head office 0	They can make minor decisions without referring back to their head office 5	They are able to make most of the decisions on their own and without referring back to head office 10	They have the ability and authority to make all the decisions themselves without referring back to head office 15

The SIMALTO Interview

- Respondents are asked to **choose issues regarded as most important** (the filled in boxes down the left).
- For each of the issues that have been chosen, they are then asked what level of service (from 1 to 4) they are receiving from their **current supplier**.
- Next they are asked what their **ideal level of service** would be for each of the issues (from 1 to 4).
- The final stage of the SIMALTO interview is to ask respondents to **spend points** to theoretically “improve” service issues.

For example...

Services	Level 1	Level 2	Level 3	Level 4
1. Face-to-face visit from salesperson	We never receive a visit from a salesperson 0	We receive an annual sales visit 5	We receive a quarterly sales visit 10	We receive a monthly sales visit 15

10 points spent (moving from level 1 to 3)
Current Service (1) → Ideal Service (3)

- In this example, the respondent has chosen the issue “Face-to-face visit from salesperson” as an **important issue** in the first instance.
- They have given the level of service from their **current supplier** a “level 1” rating - that is, “We never receive a visit from a salesperson”.
- They have given their **ideal** level of service a “level 3” rating. In fact, the respondent regards this issue as important enough to allocate a limited number of points to fulfill this ideal.

Delivering the Findings From SIMALTO

- The output from SIMALTO enables us to see what levels of service people receive at present and what level they would like (desired level).
- The points that people spend to get from one level to another is an indication of the value that they place on these improvements and can be converted to dollar values.
- The example below shows (from an actual example) what people think of information they can obtain online and what they would prefer. It is clear that they would be prepared to spend a significant amount (9.3 points out of 30 points) to achieve the improvement.

Question: “The ease with which you can receive online information such as stock level reports and purchase summaries”

Level 1	Level 2	Level 3	Level 4
I didn't know that you could get this information online 0	The information you can get online is limited 5	You get a reasonable amount of information on your account online 10	You get everything there is to know about your account online 15

Current level: 3.6
Average 9.3 points spent
Desired level: 12.9

Conclusion

Most business-to-business products and services have a price tag which is based on judgement. Too often there is no objective assessment of how customers value the different components of the offering. As a result, many b-to-b companies undervalue the products and services that they sell, and fail to capture sufficient value in their prices and their profits.

