Pay what you want – A New Pricing Strategy for Wine Tastings?
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Abstract

In Germany nearly 20% of all wines sales are directly sold. Hence, customers have to be attracted to the wineries. As a result most often wine tastings are for free despite of the associated costs. However, often visitors feel obliged to buy some bottles of wine even though they are not in favor of this wine. Dissatisfaction might occur. Hence, other strategies have to be developed in order to cover the costs but reducing the risk of dissatisfaction. In this context we want to introduce the concept of “Pay What You Want”.

This is a pricing strategy where buyers pay any desired amount for a given commodity, sometimes including zero. In some cases, a minimum price may be set, and/or a suggested price may be indicated as guidance for the buyer. The buyer can also select an amount higher than the standard price for the commodity.

Giving buyers the freedom to pay what they want can be very successful in some situations, because it eliminates many disadvantages of conventional pricing. Buyers are attracted by permission to pay whatever they want, for reasons that include eliminating fear of whether a product is worth a given set price and the related risk of disappointment. For sellers it obviates the challenging and sometimes costly task of setting the “right” price. For both, it changes an adversarial conflict into a friendly exchange, and addresses the fact that value perceptions and price sensitivities can vary widely among buyers.

Thus, aim of our paper is to discuss the possibility to introduce “Pay-What-You-Want” pricing in the German wine business. We will first provide a literature overview. Afterwards we will combine these findings with existing example.