Understanding Gabor Granger for Strategic Pricing

Quick Summary: Gabor Granger at a Glance

What It Is

- A pricing method asking **yes/no questions** at different prices for **one product**
- Used to estimate a **demand curve** and **"optimal" price**

What You Get

- A curve showing percent of buyers who say "yes" at each price
- A revenue estimate based on those "yes" answers

The Flaws That Matter

- No competitive alternatives
- No tradeoffs or comparisons
- Easy to game by respondents
- Ignores business viability and profit
- Doesn't reflect how people actually choose

When It's Really Used

Not because it's good — but because:

- The budget is too small for serious methods
- Decision-makers want *something* quickly

When You Need More

- You're setting prices that hit **profit goals**
- You need alignment with **forecasting** and **retailer strategy**
- The decision carries **real financial consequences**

Checklist: Should You Use It?

- Are you pricing a simple product in isolation?

- Is this just a placeholder until a better method is funded?
- Will people make real decisions from the output?
- Will leadership expect it to reflect reality?

  If the last two are true — stop.
  You need a model that earns a place in the income statement.
