

ENVISION CASES

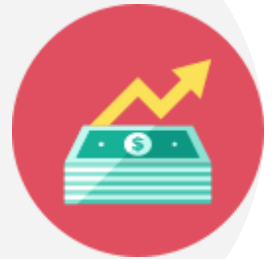
Add – On

Add-on is a strategy where the customer is charged a low price for a core service or product. In return, the consumer is charged for each "extra" service on top of the core service or product. The aim of this model is to generate high customer volume by charging an exceedingly low price.

The revenue is then earned from a multitude of supplementary sources.

SME Example

This strategy can be used in a multitude of settings such as restaurants, spas, salons, printing/copying services, and automotive businesses.



Ryan Air

<http://www.ryanair.com/en>

Ryan Air is an airline that predominately operates in Europe with the slogan "Low Fares Made Simple". The company made over 5 billion dollars in revenue in the year 2015. The airline is well known for its unheard-of low pricing, especially in Europe. The company charges a low base price and charges for additional services such as baggage, priority seating, etc.



Won't customers feel nicked and dimed?

Volume is the key aim of this strategy. It is designed to increase customer volume. However, the risk of this strategy is the perception of "nickel and diming". Buyers can often feel that when a business uses this strategy, they are cheating the customers.

To avoid this sentiment, it is important to offer a core option and present the additional services as "premiums". For example, a salad-bar restaurant can implement this by setting a core price for a chicken salad with various toppings like tomatoes, cucumbers, etc., but offer extra for "premium" toppings like avocado. Using this strategy avoids the "nickel and diming" perception because the consumer has the option to buy the cheaper salad.

