

**Case Study:
Discovered Opportunities
Price Elasticity**

Agribusiness Market



ALLPOINTS®

200 West First Street
Suite 100
Winston-Salem, NC 27101
Phone: 336-896-2200
www.allpoints.biz

Boundless DiscoverySM

Background

- Client's herbicide was labeled for use in a variety of crops, including rice, soybeans, and tobacco.
- Client wanted to assess the impact of a generic herbicide entry into the market.
- In order to do so, the client wanted to conduct marketing research to qualitatively and quantitatively assess the generic product's price elasticity, potential adoption, and positioning for the rice and soybean markets.

Objectives

- The primary objectives for this research were:
 - To identify barriers and assess acceptance of the generic herbicide among retailers and growers
 - To measure what effect the entrance of a new generic herbicide would have on gross revenue and market share of the client's current branded herbicide

Methodology

- Web-based data collection was used with the following criteria:
 - Participant had to be the decision-maker regarding the purchase of crop inputs
 - Used pre-emergent herbicides
 - Criteria specific to soybean and rice growers
- Stated choice methodology, discrete choice, which:
 - Explored the target customer's purchase behavior under several market scenarios
 - Explored the relationships between product price and potential value-added services for the client's product versus those of competitive products varied for each market scenario
- Telephone-based hour long one-on-one interviews with the rice and tobacco retailers
- Telephone-based hour long one-on-one interviews with the soybean growers and retailers
- Qualitative research was conducted prior to this quantitative study to more effectively refine the questionnaire



Summary of Findings

Survey Findings	Actions to be Taken
<ul style="list-style-type: none">• The client's product is the clear leader in the marketplace.• Prior to market entry of the new generic product, the client could maximize gross revenue by increasing the price of their branded product; however, this would decrease market share slightly.	<ul style="list-style-type: none">• Prior to introduction of new generic herbicide, client decided to maximize revenue potential.
<ul style="list-style-type: none">• In the market, there was a perceived need and call-to-action for a new generic competitor;.• Growers point out the cost of the generic product as the biggest advantage; The generic's most significant barrier to entry was the lack of complete control of problem weeds.• Gross revenue for the branded product was still maximized at the highest price point; however, market share for the branded product would suffer greatly if the generic product was priced at the lowest price point.• If the generic product is priced at the lowest price point, gross revenue for the branded product would only slightly decrease if the branded product moved from the highest price point to the middle price point.	<ul style="list-style-type: none">• Marketing team developed strategies for effectively positioning their branded product against the potential new generic product.• If and when the new generic product was launched, client would adopt pricing strategies to continue to maximize share.

For more information, contact:

Brad Seipel, Marketing Research Strategist

Phone: 336-896-2200, ext. 1007

Email: b.seipel@allpoints.biz

