

**Case Study:
Discovered Opportunities
Price Elasticity**

Pharmaceuticals Market



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Boundless DiscoverySM

Background

- Client had developed a new line of products to compliment its line of skin cleansing and moisturizing products.
- The client planned on selling the new line exclusively to pediatricians.
- The product would not be a prescription, but sold only through pediatrician referral.

Objectives

- The client wanted to understand the maximum price the new products could sustain over the current line and key competitive products.
- The primary objective was to measure the potential adoption of this product among consumers and the impact price and pediatrician recommendation have on the adoption curve.
- In addition the client wanted to ascertain consumer acceptance to using a web channel to purchase the product.

Methodology

- Self-administered web-based data collection with the following screening criteria:
 - Have a child that was a newborn to seventeen years old
 - Decision maker for buying moisturizing products/lotion for the child
 - Child either self or physician diagnosed as having dry, sensitive skin
- 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 product versus those of competitive products



Summary of Findings

Survey Findings	Actions to be Taken
<ul style="list-style-type: none">• A marketing opportunity existed for the introduction of the new product line.• About half of the target audience perceived a specific need for the company's new line of products and had a strong call to action to use the new products.	<ul style="list-style-type: none">• Client used additional funding to further market the new product line to both pediatricians and consumers.• Sales representatives further communicated the new product line to physicians to generate awareness.
<ul style="list-style-type: none">• While the company's current retail product was perceived as performing well on many of the attributes consumers deemed as important, there were still areas of improvement on which the new pediatric-exclusive product could capitalize.• Online purchasing behavior is relatively strong among the target audience.• Exclusive sale of the new products through an Internet channel is an innovative concept and one which shows promise.	<ul style="list-style-type: none">• Marketing strategies were developed to ensure physicians and parents were aware of the new products, and understand the key benefits/advantages to the new products.• Client felt confident moving forward with exclusive sale of the new product via the internet.
<ul style="list-style-type: none">• The greatest impact on adoption of the new product came as a result of price. While a pediatrician recommendation was important to parents, it had little impact on adoption of new product line.• While the target group was not overly cost sensitive, they did have their limits. As such, a price point somewhere between the lowest and mid-level test prices provided the greatest opportunity to maximize revenue and market share.• Additionally, even at these price points, introducing the new product line resulted in little cannibalization effect on the company's current retail product.	<ul style="list-style-type: none">• Sales representatives ensured that physicians always had samples readily available to provide to parents.• Client chose a price point that optimized market share and revenue while avoiding cannibalization of their current retail product.

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