

Pricing Research for Commercial Products

AED's Experience in Using Pricing
Research in USAID Commercial
Marketing Programs



Objectives of WTP/Pricing Research

- To understand the monetary value our target market places on a product and its features
- To help establish pricing guidelines for commercial partners
 - Critical element in the partnership agreement
- To demonstrate segmentation opportunities within the public-private partnership (PPP) for Full Market Impact

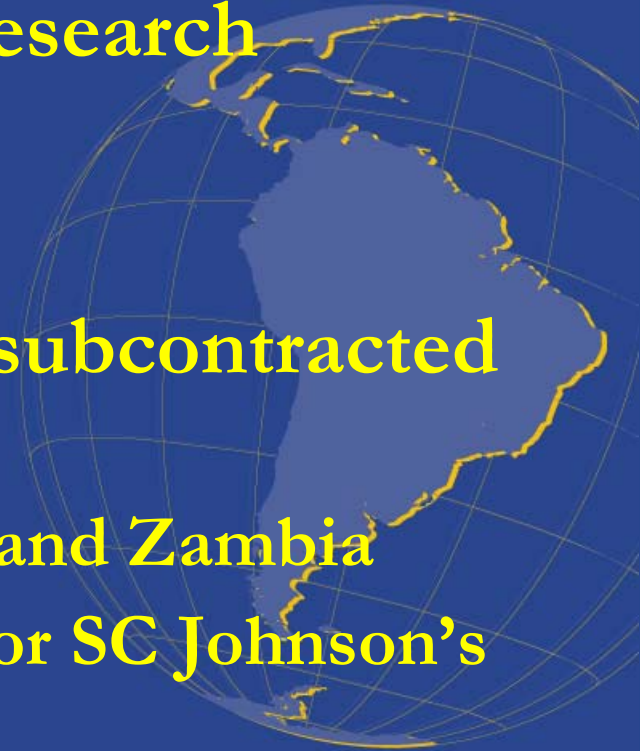
AED Pricing Research Experiences

- **NetMark (ITNs)**
 - Full Market Impact
- **PRITECH/ BASICS (ORS)**
 - Public Private Partnership (PPP), Policy



NetMark Experience

- Conducted variety of market research studies in 2001
- Volumetric and pricing study subcontracted to Research International
 - Conducted in Nigeria, Uganda and Zambia
 - Used “MicroTest” instrument for SC Johnson’s Raid Net Kit and Treatment

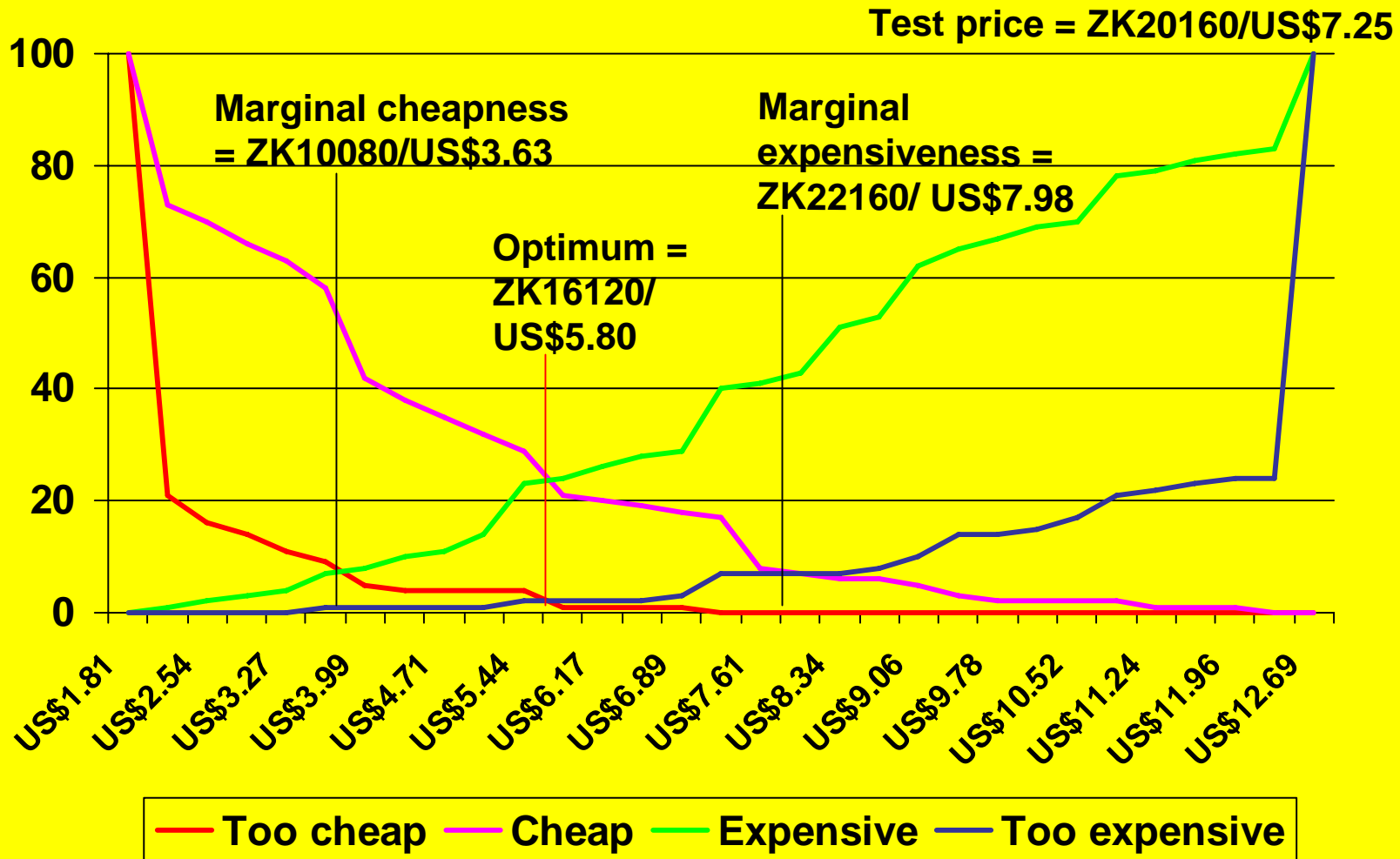


Selected Objectives of MicroTest

- To provide information on price perception, including perceived ideal price and price ranges
- To estimate volume sales of
 - Raid Mosquito Net Kit (net plus treatment)
 - Raid Mosquito Net Treatment (treatment only)

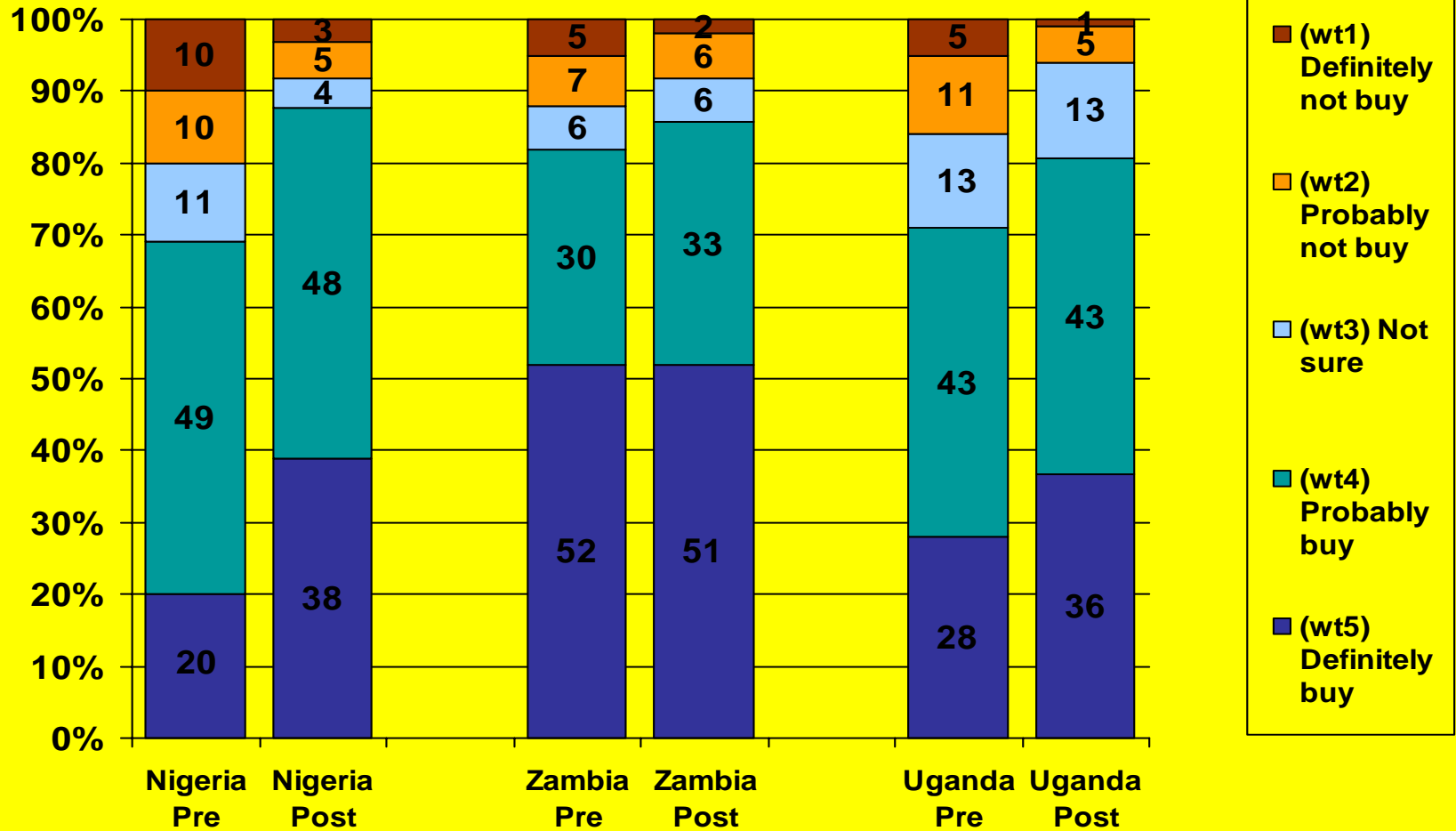


PSM/ Optimum Pricing Raid Kit – Zambia



Base= Zambia Total Respondents

Intention to try priced Raid Kit Pre- and Post-Trial



Base= Non net owners

MicroTest Results

- Concluded pricing could be barrier to commercial ITN trial and adoption
- Predicted sales volumes did not excite SC Johnson
 - Agreed to part ways after SC Johnson offered only to conduct limited market trials



NetMark Pricing Now

- Pricing sensitivity test informed pricing parameters for MOUs with commercial partners
- Commercial ITN pricing options are in line with the MicroTest's optimal pricing parameters



Retail Prices of Least Expensive, Untreated Bednets in 2001 vs. ITNs in 2004

Sources: J. Simon, B. Larson et. al., Boston U. SPH, April 2001 and
NetMark market information 2004



	<u>Untreated Nets 2001</u>	<u>ITNs 2004</u>
Ethiopia	\$6.40	\$2.54
Ghana	\$7.14	\$4.78
Nigeria	\$3.64	\$2.75
Senegal	\$8.00	\$5.29
Uganda	\$14.29	\$4.50
Zambia	\$5.39	\$4.57
Zimbabwe	\$27.29	\$7.95

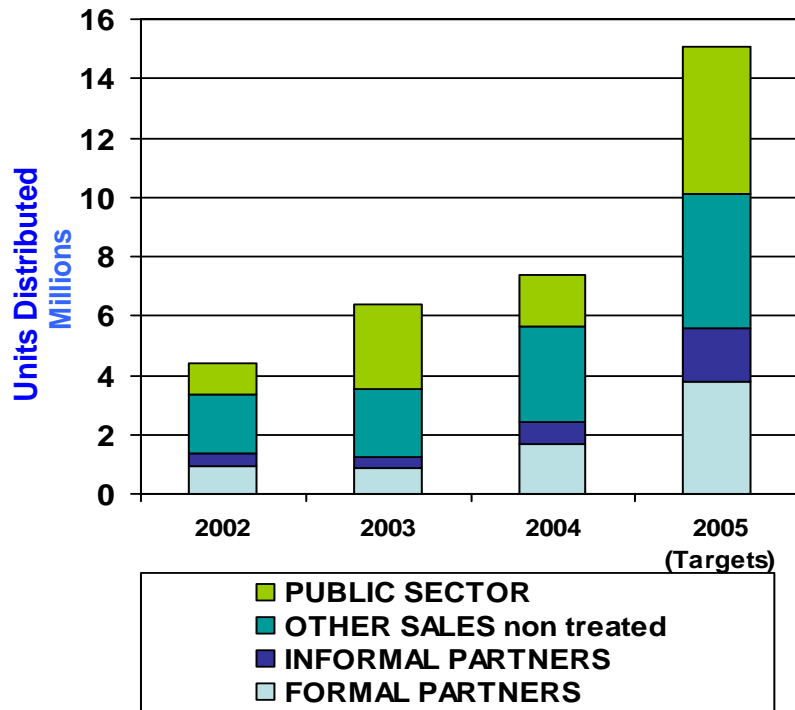
NetMark Market Results

- Net supply and sales have expanded considerably
- 30 commercial partners have invested \$13 million in financial and in-kind resources
- All income groups have access using market segmentation approach in collaboration with the public sector

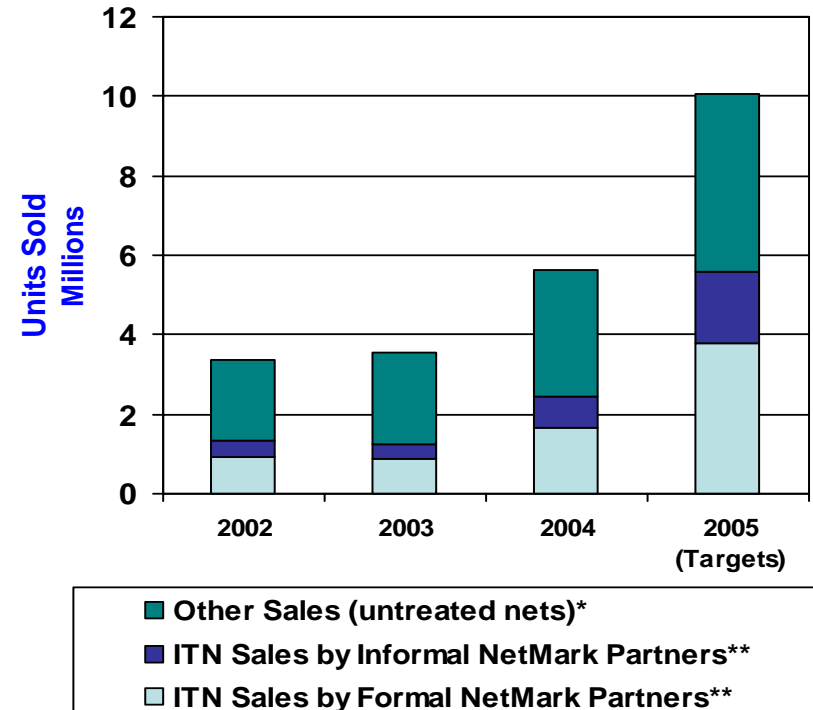


Full Market Impact

Nets Distributed in NetMark Countries



Commercial Net Sales in NetMark Countries



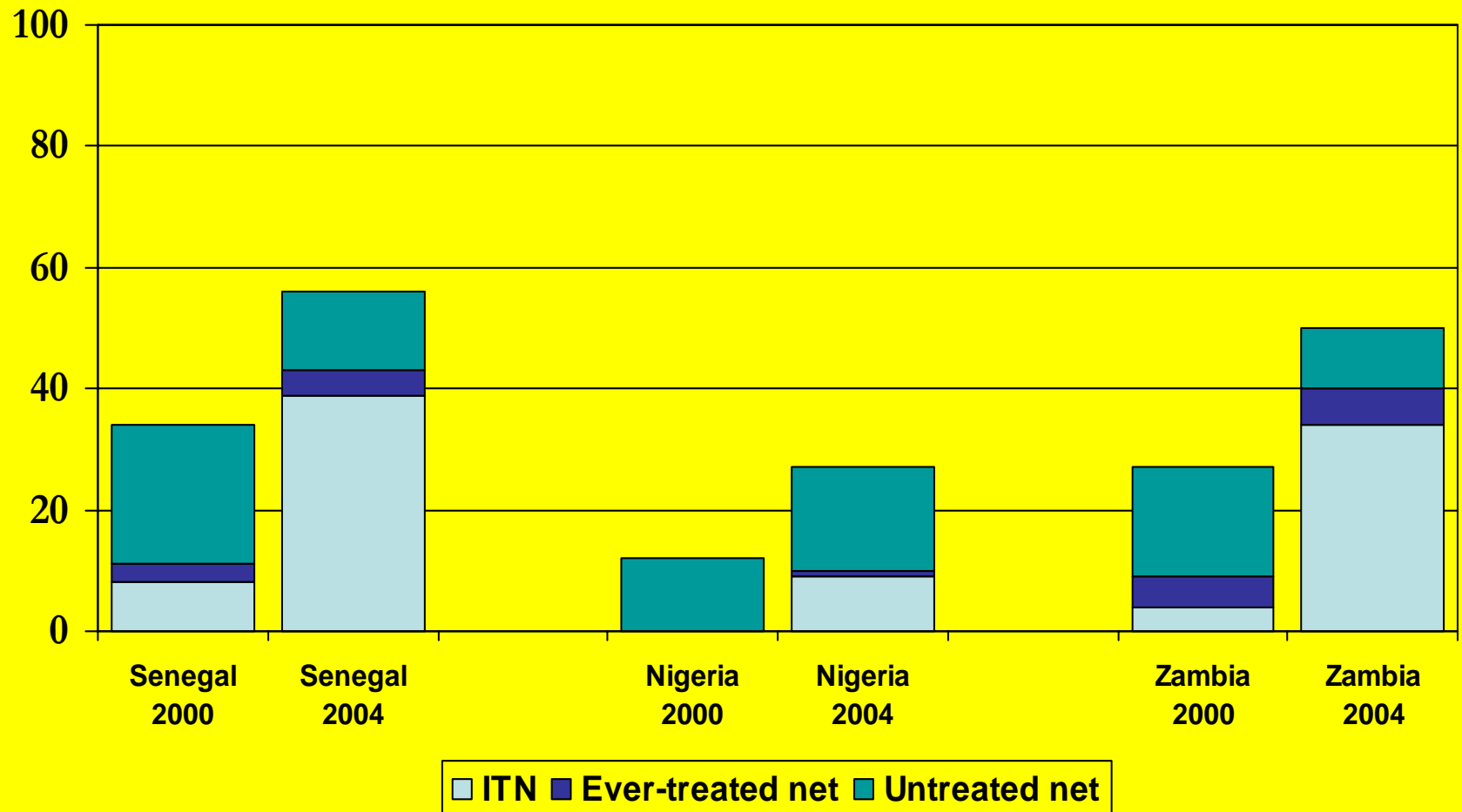
Note:

- 2002, 2003, 2004 reported (under-reported)
- 2005 Public Sector includes confirmed data from countries

* Estimates based on data from NetMark household surveys in Ghana, Senegal, Nigeria, Zambia, and Ethiopia, retail audit in Uganda, and FMI assessment in Mali.

** Based on historical sales data. Excludes public sector and NGO donations.

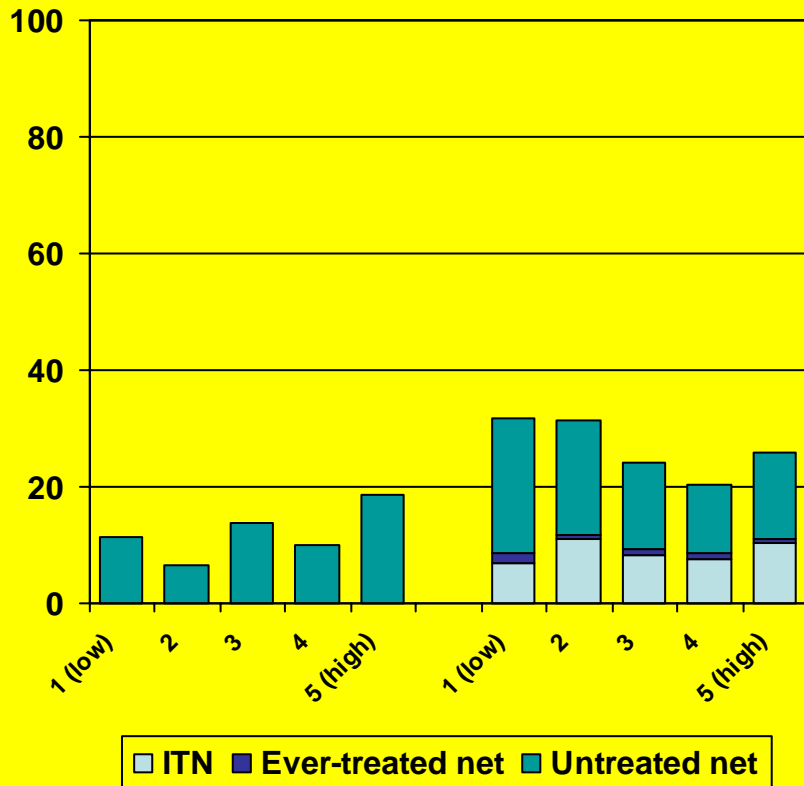
Household Net Ownership – 2000 and 2004



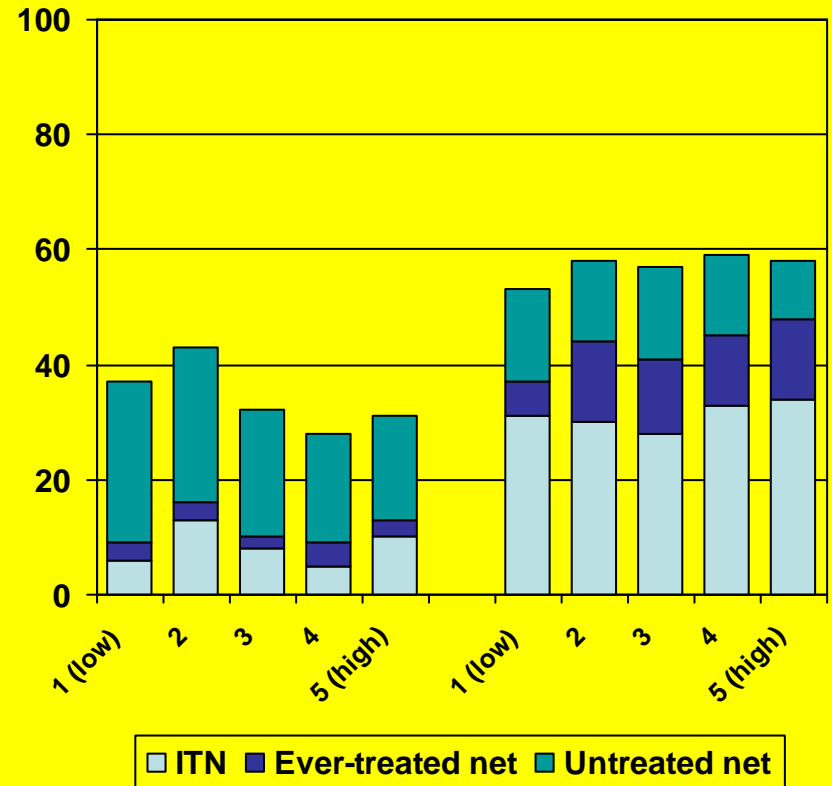
Equity

% of households owning a net, by SES

2000 Nigeria 2004



2000 Senegal 2004



PRITECH/ BASICS experience

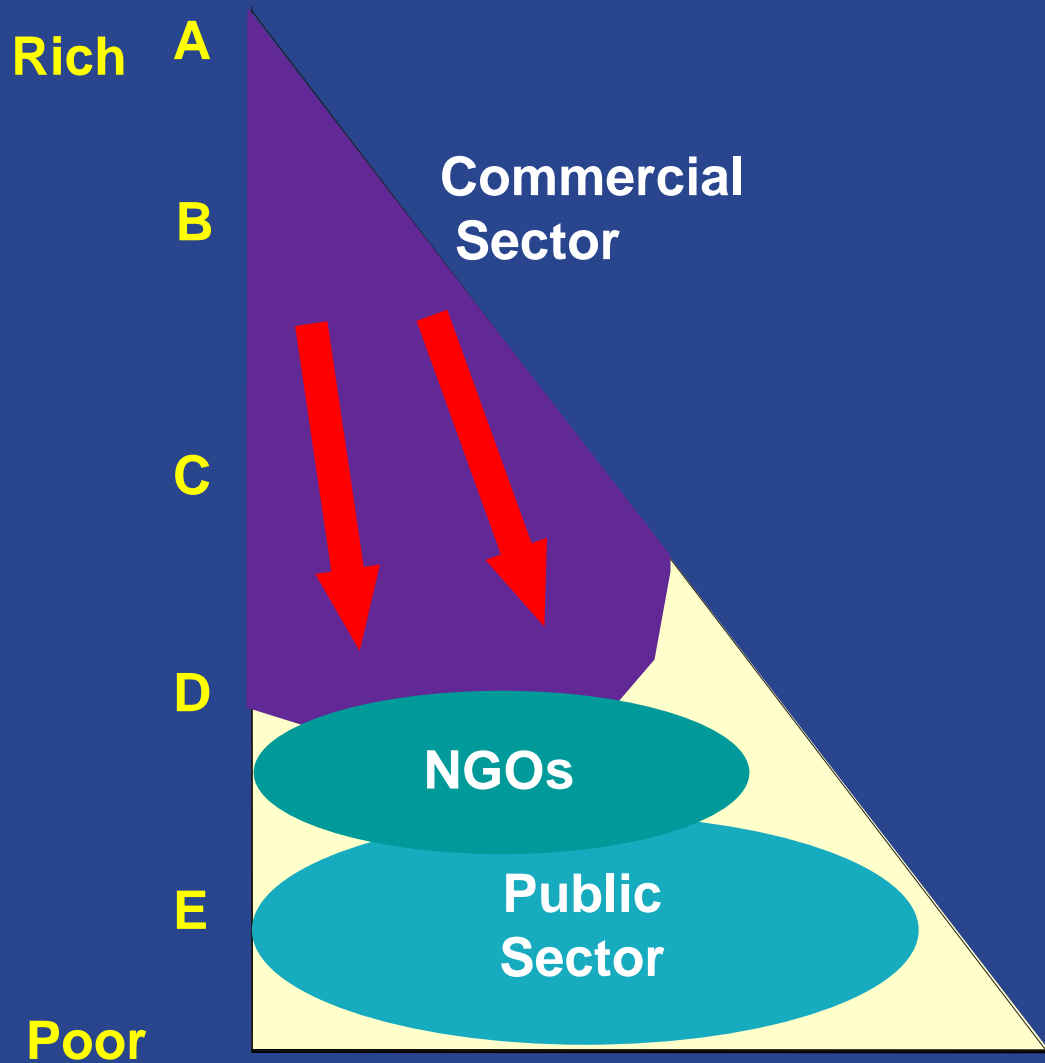
- Used Price Sensitivity Measurement (PSM) for ORS in Bolivia and Senegal
 - To measure C&D customer price perception
 - To demonstrate customer WTP for public sector decision-makers (bent on free dist.)
 - To provide pricing guidelines for commercial partners

Strategic Use of PSM Results

- Perceived value of ORS needed uplifting (bias of free products)
 - Image building / positioning strategy
- Commercial partners shared cost analysis and agreed to reduce their pricing
- Donors in the PPP supported media promotion costs for first three years
- Lobbying the Government succeeded in lifting tax and duties on imported material



Expanding Coverage Through Market Segmentation





Academy for Educational Development

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