

# [Overview and proposed solution cambridge science pharmaceuticals](https://assignbuster.com/overview-proposed-solution-cambridge-science-pharmaceuticals/)

[](https://assignbuster.com/)[Business](https://assignbuster.com/essay-subjects/business/)

Overview & Proposed Solution Cambridge Science Pharmaceuticals (SSP) came out with the first prescription drug approved by the FDA specifically for overweight Individuals called Metabolic. It was a unique product, which was focused towards a particular segment of the market, the overweight segment. It was the first of its kind and had that advantage. There were other products, but they were not as popular in the market segment Metabolic was targeting.

Metabolic was to compete in the Prescriptive drug market, where there were only a few drugs available but these drugs were mainly approved for obese and every obese Individuals.

The only drug that was approved by the FDA for overweight Individuals was All. In this report, we will conduct an analysis to determine which of the 3 proposed pricing models will promotes high sales and be profitable to the company at the same time. Based on the various analyses conducted, I will recommend Option 2 to the Cambridge Science Pharmaceuticals organization. The option 2 pricing model (Pricing for a 4 week supply of Metabolic at $1 25) Is Just right to compete In unique market segments while communicating value f the product and It fits well with the company’s strategy.

Support for Solution The second pricing model was chosen for several reasons.

One being, that it aligns with Cups corporate strategy while the third option shows pricing to be too high as market research indicated. Also, the 2nd pricing structure was chosen because this demographic may look into other methods or products to lose weight. At this pricing, it makes Metabolic a premium quality product In line with product effectiveness. Although revenues are lower In the short term, Metabolic will be able to project itself as a premium product over the long term.

With the lower pricing structure, it lowers the financial risk to customers. The financial calculations indicate that pricing the product at $125 for a 4-week supply will be ideal as results show a forecasted 5-year gross profit margin of over $332, 000, 000; The ROI In this case is 63%.

The ROI exceeds the initial expected minimum ROI value of 5% wealth five years of the new product’s launch. However, upon 3 model presented the best ROI. Although ROI Is 122% for option 3, the pricing s very unrealistic.

Pricing a new product at $1 50 per week could be a non-starter in a highly competitive marketplace. A new product entering the segment for the first time is influenced by current market state, existing competition, and varied market dynamics.

Hence, forecasting a new product based on older product success might not be a reliable Indicator to decide on a product launch strategy. Lessons Learned Information from market research has shown to be vital. We can get consumers’ reactions to a new product or service when it is still being developed.

Such information can also help to benchmark and monitor product progress, which can be useful to make decisions and take action. Through market study, we may find all the information we need to decide whether to take action on a particular product or subject.

It’s always good to know how we measure against your competitors. Market research can estimate ten Kelly sales AT a new perseverance Ana also ten advertising expenditure required to achieve maximum profits. It helps gain a new angle, hopefully a compromise in Just how we are going to go about a new launch, a new brand or a brand repositioning.