

Metabolic has a great
chance of introducing

Business



They had serious side effects associated as well, which meant only a doctor could approve them. But these prescription-drug options did not account for the overweight segment with Bums between 25 and 30 who were looking for weight-loss solutions as well.

The second option was the over-the-counter weight-loss drugs. However, the only real over-the-counter weight-loss solution approved by the FDA was All. Though. The problem with All. Though. Was that it had many negative side effects, with over 30 reports of liver damage.

Other over-the-counter solutions were considered herbal or dietary supplements by the FDA so they were not regulated.

The Issue with these supplements was that their negative side effects were not discovered until after the product was widely in use. The last weight-loss option was using a diet plan, exercise plan, meal replacement products, weight management support programs, or pre-portioned packaged food delivery services. Metabolic. On the other hand, would be the first prescription drug approved specifically for overweight individuals.

The current weight-loss options did not capitalize on such a market so Metabolic had a good opportunity to excel in. These were individuals who had hopes of losing about 10 to 30 pounds but did not need to prescribe to obese weight-loss solutions or commit to a diet/exercise plan.

2. What are the pros and cons of forecasting methods presented by Print? Barbara Print used three different approaches to forecast demand of sales for Metabolic. The first approach was to look at the number of overweight

individuals and then narrowing it down to a population of those who were actively trying to lose weight.

From this number, she would narrow it down again to those who were actually comfortable with using weight-loss drugs. This was a good method to focus on a target market that was open to the idea of a new weight-loss drug and wanted to commit to using it.

The problem with this method, however, was that this did not distinguish the individuals who were already committed to a weight-loss solution. This did not tell us also about whether or not people wanted a new solution. It was a very diverse population of consumers that was not specific enough to solely a target market.

The second approach was conducting a SSP survey. The results showed that there was a considerable amount of consumer interest in a prescription weight-loss drug for the overweight.

Print would then narrow this pool of individuals to a number of those who were ready to immediately go to their health care provider to request a prescription. This approach was a good indicator of which consumers were generally interested in trying a new weight-loss drug. And by narrowing the population to those who would prescribe immediately, Print is expediting the process of targeting a specific market and generating sales.

The problem with this approach, however, is its ambiguity. Though it is true that these consumers are interested in the new drug, this was mostly based on assumption that those consumers would actually switch over to Metabolic.

The third approach of forecasting demand was to directly market to the ideal target consumer. These consumers were educated females between the ages of 35 and 65 with Bums between 25 and 30. This would help Print focus directly on this market since it was estimated that they would make up most of the sales for Metabolic.

This way, Print can build a strong foundation of loyal consumers because she targeted them from the beginning. However, the problem with this approach is that it is so specific; it limits the possibility of reaching out to other markets. There could be other consumers who would surprisingly commit to Metabolic that Print does not see yet.

If I had to estimate demand, I would probably agree with Printer's first approach. It allows Metabolic to get closely as possible to its target market without restricting itself too specifically to the ideal consumer.

The approach also considers who would really be interested in a new weight-loss drug and are actively trying to lose weight. This means Metabolic has a great chance of introducing something new and effective to these individuals who are open to another solution. 3. What considerations should be taken into account when making decisions about the package count? There are several considerations to take into account when deciding on a package account.

Print concluded that Metabolic was most effective for 12 weeks.

This meant consumers taking Metabolic would be most satisfied with their results if they were consistently committed to taking the pill on a daily basis.

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If the individual missed a day, he or she would not yield long-lasting results and most likely regard the drug as a failure. Print also had to consider that there was enough for individuals to take a pill a day without forgetting or skipping a day. In order to do so, Print believed designing a package similar to birth control pills so consumers were aware of the importance to take Metabolic on a daily basis.

However, placing enough Metabolic pills for a 12-week program would deem costly for most individuals and automatically be dismissed if the individual felt it was too expensive. Print had to find the right balance between individuals' ability to pay and maximizing the likelihood that they would complete the entire program without interruptions. 4. What package size would you recommend? I think ten Test package sale Tort consumers would De to have enough pills Tort 6 weeks in a package similar to birth control packages. This way, consumers can experience half the program and decide whether or not they are satisfied with it.

This also reduces costs for consumers since a package of pills for 12 weeks would be too expensive for most consumers.

5. What pricing strategy approaches would you suggest Print explore? Print has considered three different pricing strategies to decide on how to price Metabolic. The first was to use the current over-the-counter drug, All', as a benchmark and price Metabolic as a premium to it. This would mean \$75 for a four- week program. The advantages of this would be that individuals would regard Metabolic as better since it is generally believed that higher price means higher quality.

And because All is the only real competitor in over-the-counter weight-loss drugs, individuals won't have a hard time distinguishing between the two. The disadvantage with this pricing strategy is that it is difficult for a new product to enter the market and generate sales with an expensive pricing. There is much skepticism with new drugs if consumers are unaware of its benefits and side effects. With remit pricing, it may take a while for Metabolic to gain high profit margins. The next pricing strategy approach was to base pricing compared to other SSP drug margins.

The average SSP gross margin for a new prescription drug was about 70%. This means for a four-week program, Metabolic would be priced at \$125. The advantage of this is that SSP can continue to enjoy their 70% gross margin on new products. Since it was proven successful in the past, it may work for Metabolic to price it this way. However, the disadvantage of this approach is that it is still expensive and SSP is assuming Metabolic will yield similar successful results as its sat products. This is risky and not completely accurate.

The third approach is to concentrate on the value consumers will receive after completing the program. SSP researched that overweight individuals spent about \$450 out-of-pocket more each year on health care than individuals who did not carry excess weight. Understanding this, Print can price Metabolic at \$1 50 for a four-week supply. The advantage of this approach is that the pricing study was conducted to focus on the ideal consumer. This means SSP will have a better understanding of how their consumers ill respond to this price and have found out that they thought this price was acceptable.

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The disadvantage, however, is that the price is well over what consumers indicated they would be willing to pay.

I think the best price SSP can set for Metabolic would be in between \$125 and \$150. I liked the last pricing strategy approach the best just because there is more of a focus on the value consumers will get from the new drug. Consumers pay for the value and will be willing to pay if they see positive results with Metabolic but if price is set too high, consumers will choose a cheaper alternative and not use Metabolic. 6.

What impact does your pricing decision have on profitability? In pricing Metabolic, Print calculated the costs associated with the drug and needed a price that was enough to cover its costs while generating profits for the company.

SSP needed to cover much of its fixed costs, marketing budget cost, and the generous amount contributed to research and development. When considering a price for Metabolic, Print has to make sure that the return on investment will be quick enough to prevent the company from completely failing on this new drug.