

Category: *Over-The-Counter Medicine*

Methods: *Choice Modeling, Advanced Analytics, DecisionSimulator™*

Summary

An over-the-counter drug manufacturer was interested in understanding the market implications of offering a new, higher-strength product to supplement their product line.



Strategic Issues

A new, higher-strength product would compete against the company's current line and could potentially confuse or upset consumers, who were used to the current pill size and dosing regimen.

Research Objectives

Research objectives included:

- Understanding the appeal of the new, higher-strength product among current brand users and category users.
- Determining the preference share for the brand's products based on the differences in strength, price, and the number of pills per dose.
- Gauging consumer reaction to the size of the higher-strength pill and the trade-off between taking 1 large vs. 2 small tablets.
- Ascertaining the price sensitivity for the new, higher-strength product.

Research Design and Methods

Approximately 350 consumers who had recently used a product in the category were surveyed via the Internet. A subset of consumers who use the manufacturer's brand were included to ensure that current users' opinions would be represented. All consumers were recruited from the American Consumer Opinion® panel, Decision Analyst's proprietary panel of over 8 million consumers worldwide.

Each consumer was asked to imagine they were shopping for medication in the category. A choice task was designed so consumers were assigned to view a subset of category medications with different prices, doses, etc. Each consumer reviewed 10 different shelf sets of product images and information and were

asked to select the one product (per set) they would be most likely to purchase. Consumer choice data were aggregated and modeled to produce a DecisionSimulator™ and show market-level results for optimal combinations of the client's product line.

Results

After analyzing the choice modeling results, the Advanced Analytics team was able to estimate how many of the company's current users would switch to the new, higher-strength product, even with the larger pill size and premium price. Additionally, the analysis showed how much this shift would cannibalize sales of the current product, the incremental sales gained from competitive products, and the predicted net gain in line profit. Using the choice modeling data, the Advanced Analytics team was able to build a DecisionSimulator™ for the manufacturer. The DecisionSimulator™ allowed the manufacturer to optimize pricing and shelf space allocation across the current line of products, resulting in distribution and operational savings.

Example Screenshots From Decision Analyst's DecisionSimulator™

Over-The-Counter Medicine DecisionSimulator™

The screenshot displays a user interface for the DecisionSimulator. It features five product cards arranged in two rows. The top row contains three 'Client Product' cards: 'Client Product 1 (1 pill, Maximum Strength)', 'Client Product 2 (2 pills)', and 'Client Product 3 (2 pills, Maximum Strength)'. The bottom row contains two 'Competitive Product' cards: 'Competitive Product 1 (2 pills, Regular Strength)' and 'Competitive Product 2 (2 pills, Regular Strength)'. Each card shows a pill image and a price of '\$0.00'. To the right of the product cards are three pricing buttons: 'Low Prices', 'Middle Prices', and 'High Prices'. Further right are five action buttons: 'Run Simulation', 'View Output Table', 'View Output Chart', 'View Indices', and 'Reset Prices'. A link 'View Additional Products in Design Set' is located at the top right.

