

CASE STUDY

identifying opportunity through custom research

Marketing Strategy

The Issue:

A client offers a new Internet service that is faster and provides more benefits than comparable services offered by their competition. The competitive advantage, however, is temporary, with similar competitive entries expected within twelve months. In addition, our client faces internal pressure to initially return high margins while they have a market advantage to recoup their investment quickly. What is the most effective marketing strategy for this new Internet service?

The Solution:

MRSI designed research to identify key consumer needs and benefits, the effectiveness of various media in reaching the targeted consumer, and market share estimates for various pricing strategies.

Effective media and advertising messages were identified. Market share estimates were calculated to reflect the possible mixes of pricing and media strategies. The results indicated that an initial high margin pricing strategy would impede market adoption of the Internet service and leave the client vulnerable to loss of leadership position when competitive services were introduced.

Business Implication:

The client changed the original marketing plan to take advantage of the opportunity to establish strong market position by reducing price, thus protecting long-term revenue and profits.

For more information, contact us at **513-579-1555** or visit **www.mrsi.com** today.

CASE STUDY

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Pricing Research

The Issue:

A major U.S. retail chain offers a number of “store brand” products. These products are generally of comparable quality to national brand products but at a lower price. What is the optimum price for these store brand products that will maximize profits without sacrificing market share?

The Solution:

MRSI designed research to test consumer demand within each product category. This test allowed consumers to view a number of scenarios with store brand products at various price points compared to national brands at fixed price points. Demand curves were created for each product category showing brand choice for the store brand and national brands at different price points for the store brands.

Business Implications:

Some categories demonstrated an opportunity for raising price without sacrificing significant market share while other categories indicated that a lower price would lead to significant increases in market share. The retailer used the findings to adjust prices for several store brand products, resulting in increased profits.

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CASE STUDY

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Pricing Research

The Issue:

A telecom company had just introduced a new high-speed Internet service and wished to evaluate its pricing structure -- both the installation fee and the monthly fee for the service.

The Solution:

MRSI designed a phone study that included a series of "buy-response" questions to measure price elasticity for both services and create demand curves. Consumers were asked how willing they would be to purchase the new service first at different fees for installation, then at different price levels for the monthly service fee.

Business Implications:

Results showed that consumers were extremely price sensitive. Purchase intent was high with no installation fee, but was cut in half when even a modest charge of \$50 was imposed. At the current installation fee of \$200, purchase intent was very low. Also, demand for the service greatly increased as the monthly fee was lowered from the current \$50 to \$20. Our client was able to use this market information to optimize its fee structure and launch a successful new service.

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