

**Statistical techniques to facilitate the launch price of fresh fruit:
bringing science to the art of pricing**

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Structured Abstract

Purpose - The launch of a new product into the market place involves substantial risk and management planning. Information and tools are required to efficiently test market the product price, segment-based price, and competitive price benchmark. The traditional approach to pricing such products has been on a cost plus basis with subsequent adjustments as sales develop. This paper looks at a more rigorous method using statistical analyses of survey data and is based on a case study of a company which seeks to differentiate itself by providing fresh cut fresh fruit of exceptional quality.

Methodology - The empirical research conducted involved surveys of sampling consumers in a regional centre (Rockhampton) and a capital city (Brisbane) in Queensland, Australia. The surveys involved a taste test, feedback on the product, questions on appearance and pricing options, and collection of socio-economic data. Further statistical tests were conducted to establish the price range for market launch in the two regions.

Findings- The findings identify the key demographics of the sample, the price and the main product offering. The price for the cut fresh fruit should be set in the range \$2.50 to \$2.95 in order to maximise both volume sales and profitability.

Research Implications- The study makes significant theoretical contributions to the literature and also identifies implications for managers. It provides good information for developing an appropriate marketing plan, identifying key demographics, reducing the risk of product failure and implementing strategies effectively, particularly with reference to the critical decision of a launch price.

Key words (max 6): new product, pricing, product launch, test market

Paper category: Research paper or Case study

1. Introduction

Many fresh food suppliers are motivated by the increased profitability derived from the supply of quality and differentiated products. At the same time, they are under pressure to meet changing demands of consumers as well as developing and packaging products to derive unique characteristics and the ability to increase market share. They are increasingly promoting the taste, convenience and nutritional attributes of products (Mojduszka et al, 2001). Consumer attitudes and preferences for food may be addressed in different ways. Several models of consumer behaviour include them to explain the process of choice of a particular product (Bareham, 1995; Steenkamp, 1997). For instance, a study was conducted to explore the preference for traditional cheese in Lisbon (Monteiro and Lucas, 2001). It was also found that product quality, price, the reputation or trademark, the freshness and guarantee

were some of the most important criteria used by European consumers for the general selection of foodstuffs (Steenkamp, 1997). Consumer preferences for differentiated products are dependent on individual consumer characteristics and of product attributes. In this case, the study attempts to investigate the price they are willing to pay for fresh fruit based on their judgement of the taste, packaging and combination of fruit.

In the supply chain, retailers face a complex task in formulating pricing strategies and tactics for multiple products in today's competitive environment (Kahn and McAlister, 1997; Levy and Weitz, 1998). There is a need to fully comprehend dynamic pricing, along with a sophisticated grasp of operations and the supply chain. Decisions on pricing are sensitive and can have an effect on the supply chain and hence on profitability. This is because of the interactions between pricing and inventory, production, planning and capacity management decisions (Fleischmann et al, 2004). This study reports on the launch of a family of fresh fruit products by an Australian firm and the efforts made to predict market acceptability in terms of product characteristics and launch price.

Pricing Strategies

A study by Shankar and Bolton (2004) observed marketing efforts, particularly on price and deal decision related to retailer pricing; and what factors were most important in retailer pricing. Their study observed factors such as customer, market, chain, store, category, brand and competitor in determining how retailers make pricing decisions under different conditions. Different markets or cities may witness different pricing practices (Dhar and Hoch, 1997). In particular, whether the market is a metropolitan city or a small town, may be associated with a particular pricing environment and be related to pricing practices. The retail chain size and positioning may also impact upon pricing strategies. These are based on scale economies, holding costs, or relations with suppliers (Bell and Lattin, 1998). Messinger and Narasimhan (1997) also advocate that large and small stores may indulge in different pricing strategies to defend or increase their market shares. Similarly, classical economic theory and other empirical studies state that consumer sensitivity to price change and brands of products affect pricing decisions (Reibstein and Gatignon, 1984).

Many marketing experts have observed that retailers' pricing strategies and tactics are diverse (Fader and Lodish, 1990; Hoch et al, 1995). A study by Fleischmann et al (2004) establishes that managers are now pursuing more rigorous and sophisticated pricing and operations decisions. Today, many software application developers are beginning to provide tools that can help managers in pricing. Together with a survey of consumer preferences for packaged

fruit, this study conducted statistical analyses to determine the price range of fresh fruit to be launched in a supermarket.

New products and pricing

According to Bergstein and Estelami (2002) new products have become critical in maintaining revenue levels and market share in increasingly competitive markets. The dynamics of the market and consumers changeability are providing competitive pressure, forcing product managers to aggressively pursue, develop, and launch new products in record times. The race to reduce product launch times is apparent in the significantly shortened product development time of innovative organizations such as 3M, Apple, and Microsoft, with product development cycles measured in months rather than in years. At the same time it is estimated that, of the approximately 16,000 new products introduced each year, less than one in ten are successful (Ayers et al., 1997). Increasingly suppliers are seeking to find ways to reduce the risk of product failure and to reduce the costs associated with product development and product launch whilst at the same time there are pressures to increase margins and returns by setting a high price point on launch.

One of the fundamental decisions which helps determine the success of a new-to-the-world product is the correct pricing of the product on market introduction. An array of information sources is being developed that provide brand managers with the ability quickly to gauge the potential for new product success. These tools enable the test marketing of new product prices, segment-based pricing, and instantaneous competitive price benchmarking, at a fraction of the time and cost associated with these activities in conventional practice (Aaker et al., 2001). The emerging technologies are also enabling consumers to visualize better and experience new products prior to their introduction and electronic delivery has made it possible for products to be created, modified, and delivered in record times.

The concept of a new product has a variety of manifestations. Many products are not entirely new, rather they are considered new, because the firm has had no prior experience of producing and supplying them. This is often the case in Australia where products that are tried and tested in European or North American markets are introduced. It is also becoming the case for many products, particularly food products, from Asia that are introduced by the new wave of Asian migrants. Other new products are minor modifications or improvements to existing product designs, which do not necessarily represent radical advances in the product itself while others are modifications to suit the regulatory requirements of the local food authorities. Given the size, scale and dispersion of the Australian marketplace products

have to be shipped long distances, in relatively small quantities, to highly dispersed and small markets. This dispersion and irregular supply means that fresh food products need to have an extended shelf-life and this requires innovation in packaging, leading to more differentiation from existing products. Bergstein and Estelami (2002) argue that the biggest challenge facing developers launching such new products is the determination of the launch price. The acceptability of the product price largely depends on the incremental utility provided by the unique attributes of the product over any comparable existing products.

There are several methods that have been conventionally used to set product price points. Clearly intuition has often played a major role in new product pricing but often does not accurately represent the product's true price potential. A more systematic methodology relying on formal processes of market inquiry is needed to more accurately predict price points. Existing approaches use either or both qualitative and quantitative forms of data collection and analysis. According to Bergstein and Estelami (2002) three general approaches have been heavily used in this area: direct questioning, conjoint analysis and market experimentation. Direct questioning involves communicating with the consumer to directly elicit the level of value the consumer places on the new product. Since eliciting prices directly, as in the direct questioning approach, is likely to increase response biases, an alternative approach, that does not require soliciting prices, is to provide product information, including price, and to ask consumers, instead, for their preferences through conjoint analysis (Green and Wind, 1975). According to Bergstein and Estelami (2002) a limitation of both the direct questioning and the conjoint analysis approaches is that the link between consumers' self-reported responses and their actual purchase behaviour has been found to be weak. As a result, price response estimates obtained from these two approaches may have limited external validity. A practical solution, based on the market experimentation approach, is to take the data collection approach one step further by actually experimenting with various price points in the marketplace.

The market experimentation approach can be very costly and time consuming. As a consequence, there is developing interest in adapting more specialised assessment tools to predict market demands (Lusk and Hudson 2004). One approach is to adapt non-market valuation techniques to employ direct questioning in ways that are more incentive-compatible (Lusk and Hudson 2004). Another approach is to combine market experimentation with a follow-up conjoint analysis or direct questioning survey so that there is a more direct relationship between product sampling and stated intentions to purchase. Examples of this combined approach are given by Aquino and Falk (2001) where they report a combined survey and trial sales through retail outlets of 'wolf-friendly' beef, and Lusk et al (2001)

where they report experimental techniques to predict consumer willingness-to-pay for steak tenderness in a store setting.

The New Product Development Process

Rudder, Ainsworth and Holgate (2001) evaluated several new product development processes including those proposed by Kotler and Armstrong (1991) Urban and Hauser (1993) and MacFie (1994) and each of the processes are multi-staged and involve idea generation, development, testing and product launch. Regardless of the process each one requires a structured approach to product development and suggest that it is useful to conduct some form of market research. However most of the process evaluated by Rudder et al (2001) are encapsulated in the approach Kotler and Armstrong (1991) put forward of a new product development process with eight steps. They acknowledge that in manufactured and elaborately transformed products such as pharmaceuticals the process tends to be implemented in an orderly sequence, starting with idea generation and ending in the commercialisation of a product. While this is the traditional approach it is seen as slow and may not accurately depict product development in all sectors. It has also been argued (Trott 2001) that the approach that relies on market research may hinder the NPD process and may have gone too far in that it can constrain truly innovative products. In the fresh food sector, once product is available there are powerful incentives to shorten the development process and launch the product rather than test market it and determine the price. Given the dynamic nature of the consumer food market, suppliers are often keen to take a more flexible approach that will enable them to get their new product to market in the shortest possible time. For this reason many suppliers have taken a concurrent approach where they overlap stages rather than adopt a strictly linear approach to product development. In the study reported here the firm, both by design and chance, took a concurrent approach to a new product launch, where they test marketed and collected pricing data before the product was ready to be launched.

Rudder, et al. (2001) argue that other factors need to be considered which embrace the product's likely price, initial marketing budget and factors affecting distribution. While these factors are regarded as fairly short term, Kotler and Armstrong (1991) maintain that most long-term factors should be included as part of any marketing strategy statement and can best be described as "planned long-run sales, profit goals, and marketing mix strategy". This study is concerned with Kotler and Armstrong's (1991) third, fourth and fifth stages. Their third stage, concept development and testing involves developing a concept and defining parameters for a product. In the products considered here the firm had conducted some sort of testing of the concept and was finalising product details to meet health and food safety

regulations. At this stage suppliers usually ask potential consumers whether they would purchase the product and how they feel about the product attributes such as texture and taste. In the past the firm had used focus groups but was seeking a different approach that would give it harder data on a price point and the demographics of key consumers. The marketing strategy development stage provides for a detailed strategy to be developed and addresses such points as the target market, the planned product positioning, the pricing strategy and how the product will be rolled out.

The fourth stage identified by Kotler and Armstrong (1991) revolves around undertaking some form of business analysis, looking at factors such as sales, costs, and profit projections, in order to ascertain whether the company's objectives are being met. In the case study, the company had conducted detailed market analysis based on scan records of their major customer, Australia's largest supermarket chain. This gave them an indication of demand for the fresh fruit product in its natural state. The company had also been involved in the supply, processing and packaging of salad vegetables and, based on the growth in this product family, were aware that there was an increasing demand for conveniently packaged fresh food. The fifth stage, test marketing, usually occurs after products have passed through the previous stages. Kotler and Armstrong (1991) maintain that the process is most suitable for testing a new product in that it launches a product into a small trial market area in order to gain some insight into what the outcome would be if the product was launched nationally or globally. This is particularly important when introducing a new product that requires a large investment or when the firm is unsure about the product and can not afford a costly mistake. Many companies do little or no market testing, particularly when they are introducing products that are minor modifications to existing products or are products that have been launched successfully by other firms in other markets. Commercialisation is seen as the stage at which the new product is launched and a commitment to supply, marketing and promotion occur. In the case study, where both a different fruit product (guaranteed fresh, sweet fruit) and packaging method (fresh cut fruit) are involved, the company considered that a trial release of the product was warranted.

Schilling and Hill (1998) argue that to optimise the new product development process, firms should address four strategic issues (see Figure 1). These are: technology strategy, or the process by which the company constructs its new product development portfolio; the organizational context within which a NPD project is embedded; the construction and use of teams, and the use of tools for improving the NPD process. In this study we have used statistical analysis tools developed for pricing commodities to determine the price point for fresh fruit products at market launch. In line with Schilling and Hill's (1998) strategic

approach it is important to follow a process but seek new tools to improve the efficacy of that process.

Take in Figure 1

The research design for a case of fresh fruit

The Harvest Company is a produce supply manager in Australia, specialising in the supply of fresh fruit and vegetables. The firm focuses on supplying products which offer a significant point of difference in the market place in terms of eating quality, thereby adding value. The company specifically focuses on products for which it can control and influence the length of the supply chain. This has been achieved by acquiring rights to superior eating quality genotypes, such as Bethonga Gold pineapple, and using non-invasive infra-red sensing technology that allows the identification of ripe, fresh fruit, with subsequent separation and branding of superior eating quality items. The major lines carried by the company are seedless watermelon, pocket watermelon, “Guaranteed Sweet” melons, “Guaranteed Sweet” stone fruit, Bethonga Gold pineapple and B74 mango. These products are primarily marketed through Woolworth’s, a leading supermarket in Australia. In 2004 it was planned that the products will be sold under the Woolworth’s brand ‘Naturally Sweet’.

A sister company, Harvest Fresh Cuts, produces fresh cut salad packs, sales of which have increased dramatically in recent years, indicative of a change in consumer attitudes. It is now intended to introduce a line of fresh cut, premium, and sweet fruit. In order to develop a marketing strategy for these convenience products, key consumer demand for the products and pricing issues need to be addressed. In this study, a combined market experiment and direct questioning approach is employed to better predict product acceptability for fresh-cut fruit in the market place. Central Queensland University researchers were contracted by the Harvest Company and paid to conduct the research reported on in this study. The study was designed and conducted to conform to the ethical guidelines set out by the Central Queensland University.

A survey methodology was employed for sampling consumers in a regional centre (Rockhampton) and a capital city (Brisbane), both in Queensland, Australia. In each centre, surveys were conducted at several stores at varying timeframes to generate a sample of potential consumers. In collecting the data quota sampling was used taking into account gender and age of potential participants. The quota was applied to ensure that there were groups of participants from different age groups and to ensure there was a spread of both male and female shoppers. The data was collected throughout the shopping day starting soon after

the stores opened and continued to late in the evening to provide a representative spread of participants. While ideally data should have been collected across the whole shopping week data was collected on Thursday and Friday as these are peak days for most stores. The survey was conducted within stores close to the fruit and vegetable displays using a structured questionnaire completed by the researchers. Shoppers who came into that area were asked if they would participate in the survey. The surveys involved a taste test, feedback on the product, questions on appearance and pricing options, and collection of socio-economic data. The three products that were taste tested were sweet seedless watermelon, sweet rockmelon and sweet pineapple. Shoppers were asked which product they would like to sample, shown the packages of fresh-cut fruit, and what their willingness to pay for a package might be. The willingness to pay was assessed by nominating a number of price levels and asking shoppers to nominate the highest one at which they would be willing to purchase the product. By holding the surveys in-store, focusing on shoppers about to purchase fruit and vegetables, and giving actual taste tests, it is expected that shoppers would have been able to assess their potential to purchase the product accurately. Results were limited by the small sample sizes, but do allow relationships to be generally drawn for the Brisbane and Rockhampton regions.

Findings

Valid surveys were collected from 124 shoppers in the capital city (Brisbane), and from 173 shoppers in the regional city (Rockhampton). In the analysis that follows, data from the capital city is reported with figures in parentheses to show results from the regional centre for comparative purposes. The average age of interviewed shoppers in Brisbane was 35-44 (45-54) years.

Take in Figure 2

95% (93%) were satisfied with the fruit they tasted, 63% (64%) preferred the bite size pieces, 20% (36%) the chunky pieces, 21% were prepared to pay a price of Aus \$2.50, 31% Aus \$2.95, 21% of Aus \$3.50, and 20% a price of Aus \$3.95 for a 300g pack, 63% (57%) were and 34% (43%) were not interested in buying a 300g pack in the future, the fruit most often tasted was the sweet pineapple (44%), followed by the sweet rockmelon (28%).

The following figure shows the maximum price level that people in Rockhampton and Brisbane were willing to pay by the percentage of respondents for each category.

Take in Figure 3

An Analysis of Variance indicated that a significant difference in price support existed between Rockhampton and Brisbane shoppers ($F = 86.84$ with 1 d. of f.). This confirms that Brisbane shoppers are prepared to pay higher prices than Rockhampton shoppers.

The following table shows how many people would buy the different fruit packages:

| | Sweet Seedless Watermelon | Sweet Rockmelon | Sweet Pineapple | Sweet Melon Medley | Sweet Fruit Salad |
|-----|----------------------------------|------------------------|------------------------|---------------------------|--------------------------|
| yes | 33% (47%) | 42% (48%) | 48% (40%) | 27% (33.5%) | 36% (33%) |
| no | 67% (53%) | 58% (52%) | 52% (60%) | 73% (66.5%) | 64% (67%) |

Table 1: Future purchase of 300g packs

Relationships to Price Offered

A number of potential relationships were tested between the prices offered and the level of support from respondents. The pricing information could be coded as both a categorical variable (category for each price offered) and a continuous variable (actual price offered), which allowed a wider range of statistical techniques to be applied.

Correlations

The first relationships to be tested were correlations between the price offered and other variables (with price coded as a categorical variable). Several significant relationships were found: males were more likely to pay higher prices than females (Chi-square = 18.68 with 5 d.of.f); people who shopped several times a week (as against weekly) were more likely to pay higher prices (Chi-square = 12.92 with 5 d.of.f); people who preferred the bite size pieces over the chunky pieces were more likely to pay higher prices (Chi-square = 30.77 with 10 d.of.f); people who were interested in the pack were more likely to pay higher prices (Chi-square = 29.18 with 10 d.of.f); people who were interested in purchasing sweet seedless watermelon were more interested in paying higher prices (Chi-square = 10.48 with 5 d.of.f); location of the store is significant, but sample size is not large enough to identify specific differences between stores. One relationship was not significant at the 10% level, but was significant at the 12% level, people from shared accommodation households and family households were more likely to pay higher prices (Chi-square = 22.2 with 15 d.of.f).

Of interest was the fact that some expected relationships did not emerge. For example, no significant relationships could be found between weekly expenditure on grocery shopping and interest in paying higher prices for fresh-cut fruits and weekly expenditure on fruit and vegetables and interest in paying higher prices for fresh-cut fruits.

Standard regressions

When price was coded as a continuous variable (actual prices), it allowed regression relationships to be tested. In these tests, a number of the other variables were regressed against the prices people nominated to determine which ones were significant explanators. A simple regression identified several variables in the capital city (Brisbane) dataset that were significant explanators of price. The regression equation that was identified is as follows (with standard errors in brackets):

Price nominated = 3.056 Constant (.431) – 0.126 Type of fruit sampled (0.075) + 0.369 Interest in pack (0.126) + 0.213 Future purchase of sweet seedless watermelon (0.130) – 0.361 Gender (0.173) + 0.340 Purchase frequency (0.123).

The relationship indicates that people who are prepared to pay higher prices are those sampling the sweet seedless watermelon, rockmelon or pineapple (as compared to honeydew melon); those interested in buying a pack; those interested in sweet seedless watermelon; males; and people who shop more frequently. For example, a female shopper who tasted the watermelon, was interested in a pack, was interested in purchasing watermelon and who shopped several times a week would be prepared to pay Aus \$3.81 per pack. If there is no taste test, and nothing is known about the preferences for a pack or the fruit type, the female shopper who shopped several times a week would be prepared to pay Aus \$3.35 per pack. In contrast, females who shop weekly would be prepared to pay Aus \$3.01 per pack, and males who shop weekly would be prepared to pay Aus \$3.38 per pack.

While the regression equation is significant, the overall model fit, as represented by the r-square statistic, is very poor. The r-square statistic of 0.23 means that the model explains only 23% of the variation in predicted prices between survey respondents.

Similarly for the regional city (Rockhampton) dataset a simple regression identified only two variables that were significant explanators of price, these being “Interest in the pack” and “Gender”. The regression equation that was identified is as follows (with standard errors in brackets):

Price nominated = 1.558 Constant (.330) + 0.504 Interest in pack (0.154) - 0.371 Gender (0.179).

The significance of the “Gender” variable indicates that women are more likely than men to pay higher prices for the packs. For example, the regression equation predicts that women who nominated an interest in purchasing a pack would be prepared to pay an average price of Aus \$2.75, while men who did not express an interest would be prepared to pay an average price of Aus \$1.82 per pack. While the regression equation is significant, the overall model

fit, as represented by the r-square statistic, is very poor. The r-square statistic of .20 means that the model explains only 20% of the variation in prices between survey respondents.

Tobit regression function

To address the low model fits of the standard regression models, more specialised regression functions were applied. These were Tobit functions, which allow the price function to be censored at both minimum and maximum levels. Essentially this means that the regression function is only estimated for the relevant price range. A relevant Tobit mode for the capital city (Brisbane) data is shown in figure 3, where price has been regressed against the proportion of respondents supporting each price level between a censored price range of Aus \$0.00 to Aus \$7.95 per pack. (Standard errors are shown in brackets).

$$Price = 2.261 (0.029) + 0.0200 * Respondents (0.0005).$$

The model was significant, with a log-likelihood value of -49.06 and an adjusted r-square value of .92657. The median bid level that was estimated from the model was Aus \$3.26 per pack. The proportion of respondent support at each price level is shown in the figure below. For example, the model indicates that 25% of customers will pay Aus \$3.78 per pack, and 75% will pay Aus \$2.78 per pack.

A Tobit model was also applied to the Rockhampton data set, where price was regressed against the proportion of respondents supporting each price level between a censored price range of Aus \$0.00 to Aus \$7.95 per pack. (Standard errors are shown in brackets).

$$Price = 1.23 (.663) + 0.0232 * Respondents (0.00114)$$

The model was highly significant, with a log-likelihood value of -109.9. The median bid level that was estimated from the model was Aus \$2.39 per pack. The proportion of respondent support at each price level is shown in the figure below. For example, the model indicates that 25% of customers will pay Aus \$2.99 per pack, and 75% will pay Aus \$1.83 per pack. Clearly capital city consumers will pay significantly more (Aus \$3.78) compared to regional city consumers (Aus \$2.99) for a target group of 25% of shoppers interested in purchasing fruit and vegetables.

Other tobit regression models with the Price variable in different formats were also tested for the Brisbane data set, as shown below.

$$Price2 = 5.3685 (.213) + 0.1016 * Respondents (.013) \quad (Adjusted\ r-square = 0.89544)$$

$$LN\ Price = .860 (.008) + .0061 * Respondents (.0001) \quad (Adjusted\ r-square = .93912).$$

While the logarithmic model generated the highest model fit, there was very little difference in the prices predicted between the three models estimated (Figure 4). The results show that most customers are prepared to pay slightly more than Aus \$2 per pack for the product, but that demand falls to zero at around a price level of Aus \$4 per pack.

Take in Figure 4

Conclusions and managerial implications

At the strategic marketing level, clear conclusions can be drawn about the key demographic, the price and the main product offering. Prices should be adjusted according to the different markets. Dhar and Hoch (1997) support this strategy. For this product the price should be set in the range Aus \$2.50 to Aus \$2.95 in the regional centre and between Aus \$3.25 and Aus \$3.95 in the capital city in order to maximise both volume sales and profitability. Below this range profit is unlikely to be maximised and above it demand falls rapidly. The critical two products, at least initially are sweet seedless watermelon and sweet rockmelon, with some interest in the other fruits apparent but not at the same level. The key purchasers will be women under 34, living with their families and spending above average on groceries. The findings from this can facilitate developing an appropriate marketing plan for the product, particularly with reference to the critical decision of launch price.

Secondly, by rigorous statistical techniques and methods of analysis, the results are capable of delivering better information to the marketing manager. In the literature, Fleischmann et al (2004) support the use of complex analytical tools to gain a better understanding of the relationships. This reduces the risk of product failure at the critical early launch stage and helps to achieve both optimal volume and contribution. The concurrent approach discussed in the literature has been used in this case with actual launch occurring in some stores whilst this research was being carried out. This study indicates that a combination of direct questioning and market experience approaches suggested by Bergstein and Estelami (2002) can lead to the gleaning of critical information for the development of marketing strategy and can be done expediently so that launch times are not extended.

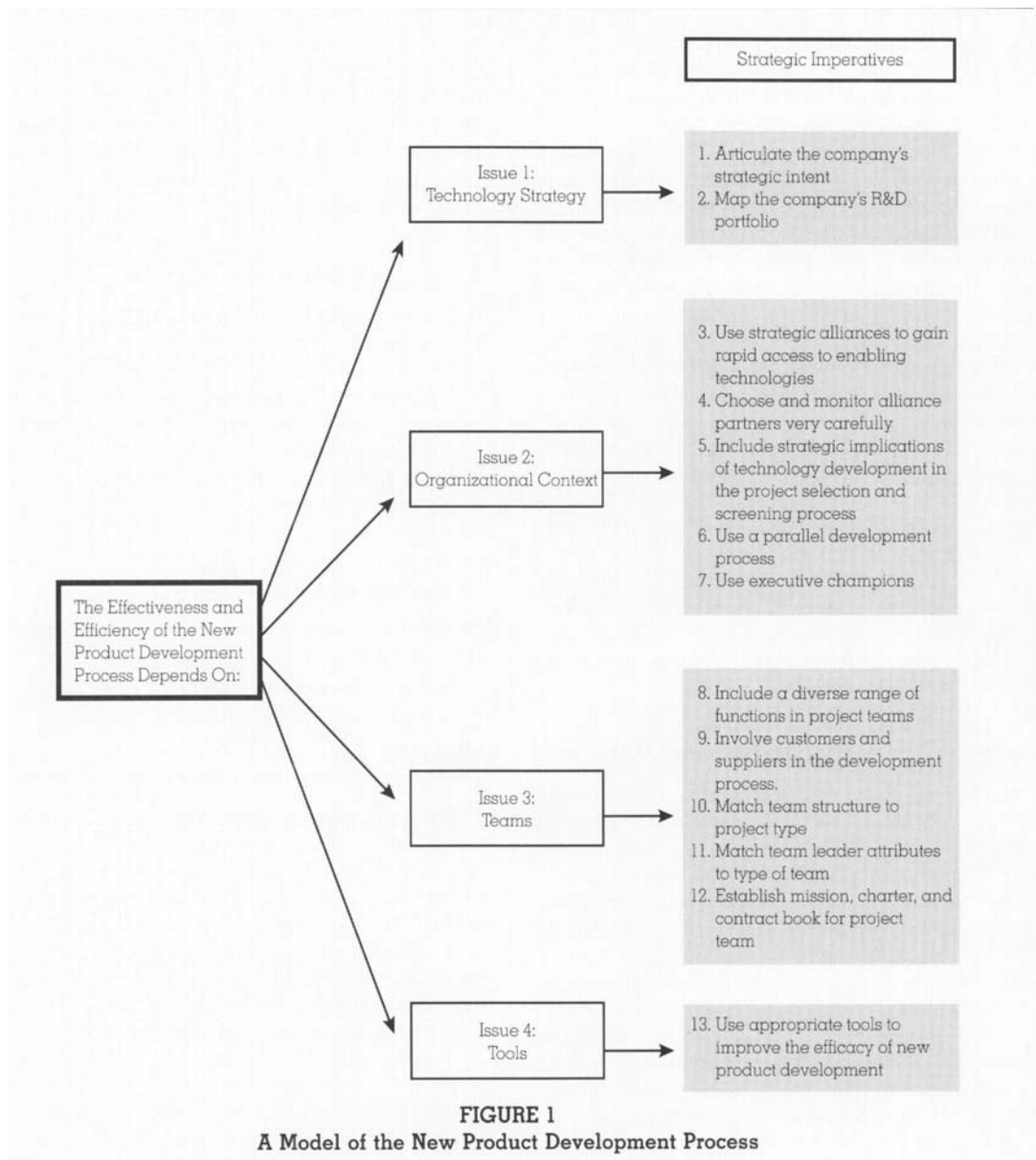
Furthermore this study demonstrates that by using consumer surveys it is possible to identify the demographics of consumers most interested in purchasing a product and to identify differential price points for different demographic groups and locations. It is also possible using relatively simple statistical tests to describe significant differences in satisfaction and purchase intentions within a sample. The use of more sophisticated regression analysis can identify the sensitivity of consumer demands to price. By establishing a price point before market launch much of the trial and error associated with price setting is removed from the

launch process. If the price point for perishables such as fresh fruit and vegetables is set accurately, then producers and retailers will minimise the waste of unsold or under-priced products and maximise their return on the products. Market research is more than simply asking the consumer what they want and what they will pay for it. It involves the appropriate data analyses that provide the producers and retailers with the best data and assist in pricing strategies.

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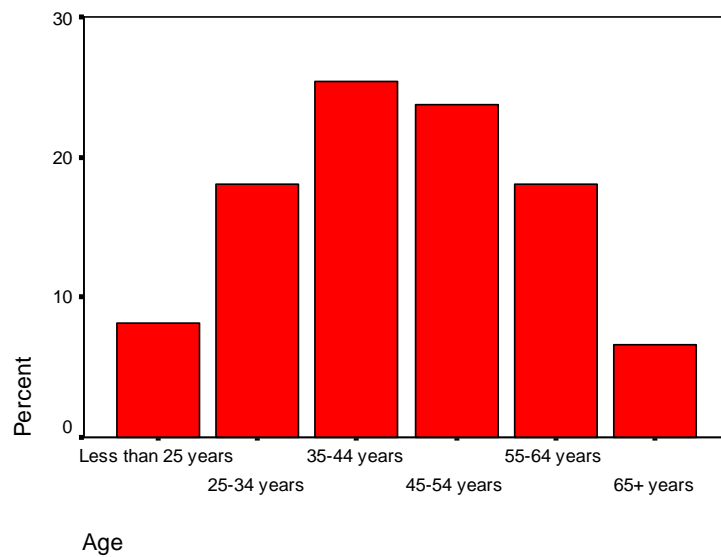


Figure 2: Age of Survey respondents

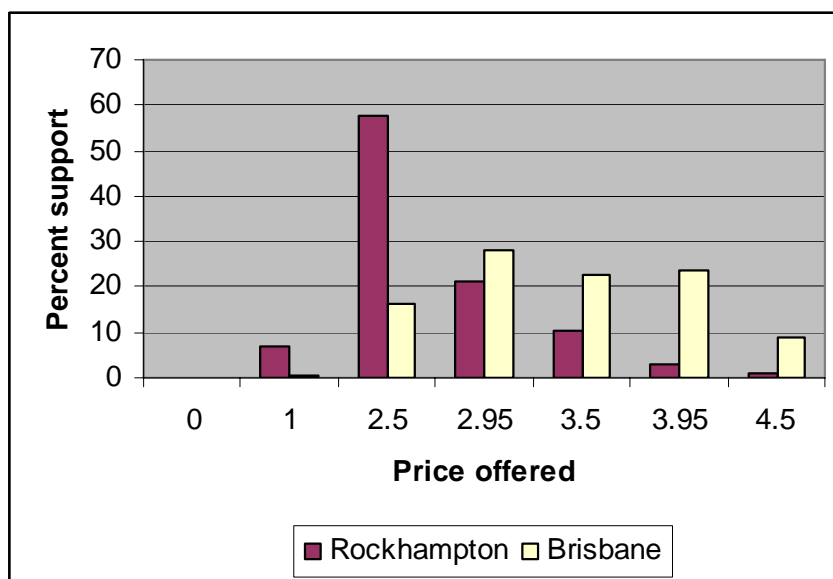


Figure 3: Price for 300g pack, in Aus \$'s

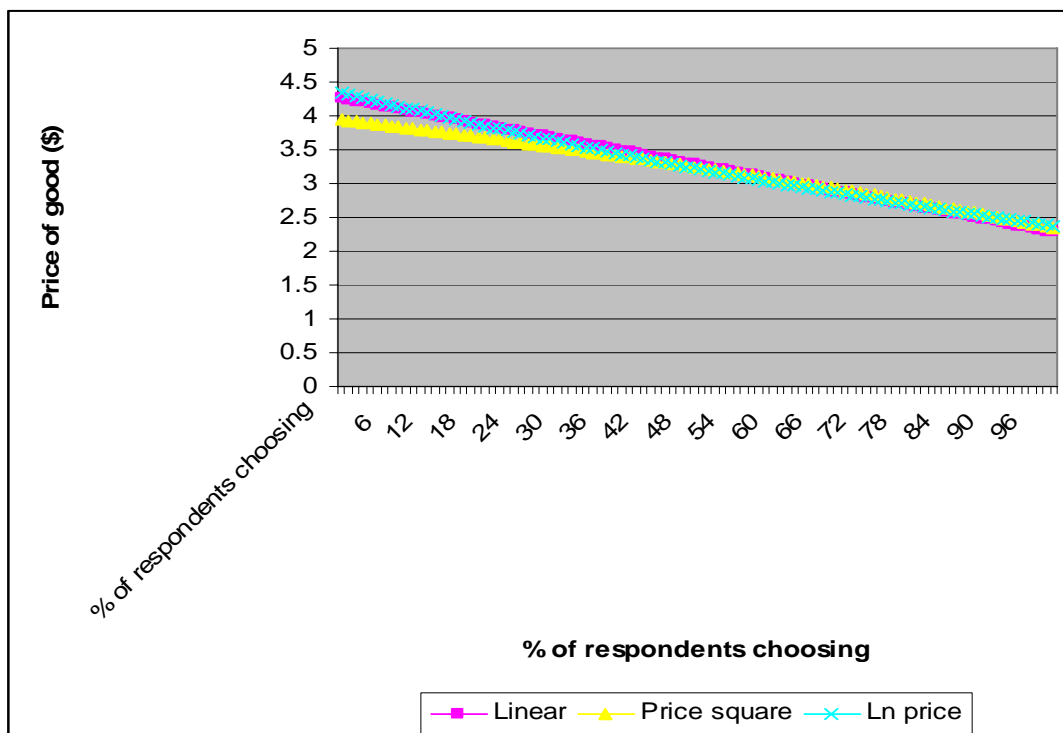


Figure 4: Tobit model for support at different price levels, all in Aus \$'s.