

AGRICULTURAL GENETICS PRICING MODEL

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STRATEGIES TO GROW YOUR BUSINESS

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In this case study an agricultural genetics company engaged CPL Business Consultants to conduct a value analysis and formulate a tiered pricing model for its product offering. CPL Produced a value model which explained how value is added and included a pricing model to upsell this added value. With CPL's input, the client successfully implemented the new pricing model globally.

The client faced a potential decline in unit sales due to performance improvements which reduced the number of animals required by its customers.

CPL proposed an alternative pricing model to offset the potential decline in agricultural genetics sales along with an implementation plan. CPL's customer-focussed pricing model for the agricultural genetics business included:

- A demonstrated value proposition
- Clear messaging
- A simple range of options
- Customer relevant services
- Focussed on meeting customer needs
- Incentives to move between packages

Initially CPL identified and categorised all sources of value from the client's core products and augmented service offering. For each of these CPL assessed its potential value, chargeability and client need.

This detailed breakdown included an estimated value for all sources of value creation. The breakdown also showed clearly where the value came from. The sales team could also use it as tool to explain the value proposition to customers, and how this translated into increased profitability for them.

CPL estimated the financial value for each value source using assumptions based on customer and company data. We then developed a detailed interactive and automated pricing model reflecting the needs of specific agricultural genetics customer demographics. The client could also adjust the underlying assumptions if required.

CPL organised the value sources into modules, which were then assigned to tiered service packages. The model was finalised, following a number of iterations with the CEO and the management team. The new pricing model was subsequently implemented globally.

See below for a brief outline of some of the information included in the final interactive spreadsheet model and presentation.

AGRICULTURAL GENETICS PRICING MODEL

Business Model

- Pricing Scenarios for Agricultural Genetics
 - Service Packages

- Additional Options
- Value Creation by Source

Agricultural Genetics Service Packages

- Components of Each Package
- Pricing by Service Level
- Regional Pricing Variations

Sources of Value in Agricultural Genetics

- Categorization of Value Sources
- Components of Each Service Package

Agricultural Genetics Pricing Model Assumptions

- Underlying Assumptions for Value Modelling
- Information on Product Performance
- Customer Demographics
- Production Cost Analysis

COMMENTS FROM THE CLIENT

In the client's own words:

- *“CPL helped us to quantify the significant added value our company offers and design a robust business model to valorise this”* - Global Managing Director, Agricultural Genetics.
- *“Marketing’s mission is to help create, refine and transport values from producer to customer. CPL greatly supported us in assessing, structuring and diversifying our values portfolio”* – Global Marketing Director, Agricultural Genetics.

ADDITIONAL PROJECTS

In addition to this project on Agricultural Genetics Positioning and Value, CPL has also worked on e.g. an Agricultural Genetics Royalty Model and an [Artificial Insemination and Dairy Genetics Marketing Plan](#). Other pricing models include a [Pricing Model for a Novel Protein Ingredient](#) and a [Beta-glucan Price Elasticity Model](#). Have a look at our [PowerPoint Introduction](#) and Brochure describing deliverables, differentiators and case studies. You can also review [eight case studies](#).