

# PRICING MODEL FOR A NOVEL PROTEIN INGREDIENT

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***In this case study, CPL Business Consultants assisted a client by creating a pricing strategy model for a novel protein ingredient.***

## **BACKGROUND**

The client was an innovative biotechnology company and leader in nutraceutical, aquaculture and animal feed ingredients. It planned to launch a novel protein ingredient with a good organoleptic profile, differentiated by specific application advantages. The client had already collected preliminary data on the potential market but also wanted to develop a clearer understanding of the potential market. Therefore the model estimated market sizes for applications in addition to the value proposition.

## **OBJECTIVE**

The project objective was to provide assistance to the client with assessing the formulation economics for pricing its new ingredient.

## **APPLICATIONS SCOPE**

CPL developed an interactive spreadsheet model to illustrate the value which the client could obtain for pricing its novel protein ingredient in:

- Powders
- RTD shakes
- Protein Drinks
- Protein Bars

## **PRICING MODEL**

This model was based retail data (e.g. pricing of individual products), ingredient costing data and data from expert interviews. It was based on proprietary pricing tool which CPL has developed over several years, tailored to this project. Therefore the model contained several thousand data points for the specific categories and geographies included.

## **PROJECT DELIVERABLES**

The spreadsheet model included a protein economics comparison tool for use by the sales team when pitching to customers. The model detailed substitution costs as well as a protein quality comparison with competing ingredients.

An interactive ingredient value model also calculated potential demand in powders, shakes, protein water and protein bars for specific markets at low and high proposed ingredient price points and estimated potential penetration of each retail category. The pricing model could be used to test acceptability of various price points for the novel protein ingredient.

The information was used to inform the client's business and marketing plans for the novel protein ingredient.

## **ADDITIONAL PROJECTS**

*Have a look at our [PowerPoint Introduction](#) and Brochure describing deliverables, differentiators and case studies. You can also review [eight case studies](#).*