

Value Based Pricing Research for Innovative MedTech

MedTech companies have the goal of developing improvements in the way that human health can be managed. They do this across health systems that vary by market, in a world of constantly evolving medical and technology innovation, and where customers often ‘mix and match’ instruments by indication. In this environment, how do you develop a pricing strategy for your new technology that maximizes your ability to reach your company’s financial goals?

Our client, a multi-billion-dollar global MedTech company, had recently developed advanced concepts for a new portfolio of lab technologies designed to provide rapid identification of potentially life-threatening infections. The company needed to make strategic decisions about the development and pricing of these technologies given the evolving clinical and competitor landscape. The Pricing Solutions team conducted extensive value-based pricing research and delivered strategic pricing recommendations to the client.

enabled the client to make critical Go/No-Go Decisions

The Challenge

To determine the optimal pricing and offer structure for the new product, the company wanted to know:

- How much are customers willing to pay, compared to the competition, across different customer segments. These segments included:
 - Geography (e.g. US vs EU)
 - Size (larger vs smaller labs)
 - Use (e.g. molecular vs non-molecular users).
- What features should be prioritized in these lab technologies?
 - How do these features meet customer value drivers?
 - How much would customers trade-off price, workflow, ID performance and susceptibility options?
- At a range of price points, how much would these lab technologies be used alongside other complementary technologies?

Building a Solution That Fits

The Project Plan involved tight collaboration between Pricing Solutions and an extensive client project team drawn from experts in R&D, Product Development, Marketing and Customer Insight.

Stage 1 – Extensive Project Team Consultations

The Pricing Solutions team worked in close co-operation with client project teams to develop workflow characteristics and performance options for the technologies, and how they are shown to customers.

Stage 2 – Qualitative customer interviews in the US & EU

The Pricing Solutions team conducted approximately 10 in-depth interviews with lab managers, attended by company technical experts. An agile approach allowed the project team to better understand customer perspectives.

Stage 3 – Quantitative survey in the US & EU

Approximately 150 quantitative customer surveys were conducted. Product concepts were developed using qualitative research methodologies including MaxDiff and CBC conjoint approaches, which were used to create a Pricing Simulator.

Stage 4 – Qualitative follow-up interviews in the US

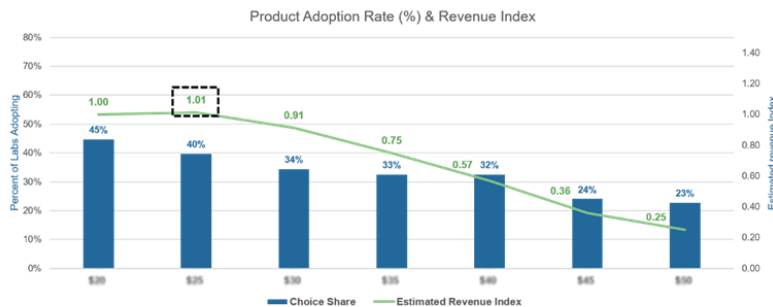
Approximately five qualitative interviews were conducted amongst specific respondents of the ‘Stage 3’ quantitative survey to undertake deep-dive queries, particularly around product usage at different price points.

Stage 5 – Quantitative follow-up survey in the US & EU

Approximately 100 quantitative surveys amongst respondents of the ‘Stage 3’ quantitative survey were conducted, particularly around how different products might be adopted together in the lab, and the impact of price; with results matched to how respondents answered in ‘Stage 3’.

The Result?

- Based on this extensive research, the Pricing Solutions Team provided specific recommendations:
 - On target price, on a price-per-test basis
 - By customer segment and market
 - To allow for ‘what if’ simulations around competitor pricing, workflow and performance.
- The insights enabled the client to make critical go/no-go decisions between various strategic options in a rapidly evolving clinical and competitor landscape.



- To maximize potential revenue the second price point will be optimal.
- At the second price point, approximately 40% of US Labs will adopt the product

Model showing Choice Share and Estimated Revenue Index at different price points

What’s the Pricing Solutions Difference?

At Pricing Solutions, MedTech is one of our key industry sectors.

Gone are the days that medicine was about a physician making a diagnosis and prescribing pills. MedTech now has a central role in the evidence-based medicine of the 21st century. Many different types of healthcare professional, payers and the patients themselves are actively involved in using MedTech for improving health outcomes. And, especially compared to the pharmaceutical sector, there are many opportunities for pricing innovation within MedTech.

Contact us today to discuss how the Pricing Solutions team can support your MedTech pricing.

Our Firm

Our mission is to dramatically improve clients’ profitability and market share through improved pricing. Pricing Solutions’ four core services include Pricing Strategy, Pricing Analytics, Pricing Research and Pricing Training. Known for our World Class Pricing™ methodology, we have grown to become one of the world’s leading pricing consultancies with offices in North America, Europe, Asia Pacific and Latin America. Our global team of researchers, consultants and partners are recognized thought-leaders.

We deliver customized cross-functional solutions, helping our clients achieve a typical payback of 10:1 on their investment.

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