

# BETA-GLUCAN PRICE ELASTICITY

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***In this case study, CPL Business Consultants was engaged to look at the value proposition for beta-glucan and devise a pricing strategy using its 'price elasticity' model. CPL was able to provide estimates of the sales and profitability achievable through its proposed pricing strategy and also how much additional revenue could be generated by repositioning the product and amending the pricing.***

In earlier studies on oat beta-glucan the qualitative conclusion was that a potential opportunity exists to exploit beta-glucan products in a health and nutrition platform. This study focussed on a concentrated (>50%) oat beta-glucan product and asked what the price needs to be in order to sell enough to make it a worthwhile business and how the product could be positioned to achieve this price point.

It was therefore, necessary to determine the price elasticity of beta-glucan. This was done by calculating how much a customer would be willing to pay to put >50% beta-glucan into its products. To do this, CPL used its proprietary price elasticity (as opposed to cost elasticity) model which estimates the value added and willingness to pay a premium for an ingredient with added functional benefits. The model is based on thousands of real-life pricing data points and gives a robust analysis which can also be used to build a marketing story and justify the pricing of the product to the b2b customer. These data were supplemented and validated through interviews and surveys with b2b customers and other stakeholders.

Click to see [the contents of the study](#) or look below for an outline.

## **BETA-GLUCAN PRICE ELASTICITY**

### **Executive Summary**

- Objectives
- Method
- Overview
- Principal Findings
  - The Market for Heart Health Foods and Related Sectors
    - Global Markets
    - European Markets
    - UK Markets
    - US Markets
  - Price Elasticity Model
    - How Much Premium Would Consumers Pay for a Health Claim?
    - What Would Happen if the Price of Beta-glucan Decreased?
    - What Price is Acceptable?
    - Health Claims and Regulatory Issues
  - Companies
    - Beta-glucan Companies
    - Other Health Ingredient Companies
    - Food Manufacturers
    - Distributors
- Conclusions
  - Market Volumes and Values
  - Potential UK Market
  - Potential US Market
  - Potential Global Market
- General Conclusions

### **Answers to Questions**

#### **Cholesterol**

- Introduction
- Statistics

#### **Pricing a Health Claim**

- Positioning
- GM Foods
- Environmental Farming Practices
- Associations with Good Causes
- Health Claims

## **Influence of Geographic Market**

### **Pricing Analysis for 50% Beta-glucan Concentrate**

- Methodology
- Results
  - UK Retail and Supermarket Data
  - US Retail and Supermarket Data

### **Beta-glucan Players and Products**

- Players
- Products
- Example Product: Pro-Fit Vitaal Bread with Beta-Glucan
  - Product and Claims
  - Consumer Report
  - Packaging of Vitaal Breads

### **Labelling Regulations**

- JHCI Health Claims (UK)
- US Health Claims
- FOSHU Health Claims

### **Plant Sterols / Stanols**

- Raisio's Business Model
- Products
- Price Comparisons
- 3 Ingredients Lists for Plant Sterol / Stanol Products:

### **Contact Reports Beta-Glucan**

- Ingredients Manufacturers
- Distributors
- End Users
- Retailers
- Others

### **Contact Reports Plant Sterols and Stanols**

- Ingredients Manufacturers
- End Users

## Recent Patents

## News Items

## Appendices

- Specifications of Barley Betafiber
- New Developments in Healthy Foods From Cereals
- Company x Business Plan
- WHO Statistics on Blood Cholesterol
- The Forgotten 50 – a Report by Heart UK
- Cholesterol Ingredient Questionnaire
- Conjoint Analysis Questions
- UK Supermarket Data
- US Supermarket Data

*CPL has worked on many projects related to pricing new ingredients, for example on a [Pricing Model for a Novel Protein Ingredient](#). Have a look at our [Introduction](#) and [Brochure](#) for a description of our consultancy work. You can also review [Eight case studies](#).*