SUMMARY

In this study an effort was made to determine the character-istics of the demand for frozen orange concentrate. The basic procedure employed was that of deliberately varying the price of frozen orange concentrate above and below the established market level under carefully controlled conditions. The experi-mental pricing tests were carried out during the 9-week period June 7 through August 7, 1954. The test prices employed in the study were 8.5, 10.5, 13.5, 16.5 (the prevailing market price at the time of the study) and 20.5 cents per 6-ounce can.

The study was conducted in 10 retail food stores in the Lower Delaware Valley area of Pennsylvania and New Jersey. All of the stores involved in the study would be considered large super-markets by most standards. Total weekly sales per store ranged from $23,827 to $29,134. The weekly sales of produce per store varied from $2,505 to $3,752 during the 10-week period covered by the study. Produce sales averaged 12.2 percent of total store sales.

The supermarkets used in the test handled a considerable volume of citrus products. The fresh fruit equivalent of the average weekly sales of these items (excluding lemons and limes) amounted to 6,149 pounds per store. Oranges and orange prod-ucts accounted for 78.3 percent of the total amount of citrus handled; grapefruit products accounted for 19.6 percent; and tangerine products for the remaining 2.1 percent. Orange con-centrate was the single most important citrus item handled. The average weekly volume of this product sold per store was equiva-lent to 3,374 pounds of fresh fruit and accounted for 54.9 percent of the total volume of citrus handled.

Results of the pricing experiment showed marked variation in concentrate purchases over the range of prices tested. At the lowest test price of 8.5 cents for a 6-ounce can, concentrate sold at the rate of 236 ounces for each 100 customers, or the equiva-lent of 122 pounds of fresh fruit. As the test price was increased, concentrate purchases dropped successively to a low of 111 ounces at the highest test price of 20.5 cents per can. Purchases per 100 customers at this price level amounted to about 57 pounds in terms of fresh fruit.

Variations in purchase rates in response to the induced prices indicated that customer sensitivity to price change declined con-tinuously as price was varied from the lowest to the highest test level. Evidently, at the theoretical price of about 12.5 cents, a