



CASE STUDY : PROTECTING AGAINST LOW-PRICED COMPETITION

"I wouldn't know where to go for the type of work that LoSG conducts for us. I realize there are other firms available, but to execute the study like Line of Sight Group does (which requires capturing sensitive info). I just don't know of other firms that would have the expertise and would be willing to execute in the manner Line of Sight does. I think Line of Sight is one of a kind in this respect."

**Chief Product and Strategy Officer
Health Care**

Situation:

A mid-sized health care company provides a customized consumer product based on order specifications from their care provider, serves approximately 1,500 providers through a global sales force. As a premium supplier, our client faced constant price pressure from lower-priced competitors who undercut specific products to gain entry to strategic customers. While revenue erosion from these tactics was only about 1%, it was significant enough to gain management's attention. Rather than fight price wars, they wanted to justify their value, but needed to better understand how competitors were offering the low prices. Were they providing lower quality and service? Were they getting better terms from suppliers? Were they playing pricing games? Or were they simply accepting lower margins?

Solution:

Line of Sight Group (LoSG) implemented its Strategic Intelligence Program (SIP), an ongoing monitoring program that kept a pulse on the market and competition and gave our client the ability to quickly respond. As threats were identified, either through the SIP or direct field observations, we executed 'deep dive' analyses specific to the product at risk. These analyses helped us understand the basis for the price undercuts and answer the questions above.



Benefit:

Our ongoing monitoring found that two competitors in particular were employing these low-price 'cherry-pick' tactics. One competitor's approach was more coordinated while the other was more random. As the threats were identified over time, we investigated the production and operational aspects of each company. The analysis found clear differences in how the products were created relative to our clients, resulting in significant differences in quality. Armed with this information, sales representatives were able to pre-sell at-risk customers and begin to diffuse the revenue and customer erosion. While the program didn't completely halt the erosion, the research resulted in an annual revenue savings of over \$2.5 million annually and a profit-based ROI of over 10 to 1 (i.e., every \$1 invested in research resulted in \$10 in additional profits).

