



CASE STUDY :

MAXIMIZING REVENUE THROUGH MARKET-BASED PRICING

“Thank you Steve – as usual, you and the LoS team did a great job for us – we really do appreciate your attentiveness to our information needs... I realize that this is challenging work – but you have spoiled us – we have the utmost confidence in you and your team...”

- VP Product Management

Situation:

A \$300 million national provider of financial services and products sells to small businesses through a strong distributor network. Price positioning is extremely important and the product managers need to stay abreast of how the competition is pricing their product each year so that it can position itself effectively. Managers need to price within a reasonable range of the ‘market’ price or risk losing customers or leaving money on the table. This price range is called the ‘target range’.

Solution:

Line of Sight Group created a distributor panel that has access to the pricing details and conducts a mystery shopping exercise based on a “market basket” methodology. This study has been done annually for several years. After the panel collects the data, Line of Sight Group statistically analyzes it to make conclusions on pricing changes and patterns along with changes and strengths/weaknesses of the customer experience offered by each competitor.

Benefit:

The market pricing and customer experience analysis feeds directly into the client’s strategic planning process and to the product management team where it is used to set pricing strategy for the coming year. The customer experience information is also used by the sales and marketing teams to make adjustments to their own strategies based on a deep understand what competitors are cross-selling and how they manage the customer experience. The client estimates that the information provided by the price study improves the probability of correctly setting prices within the target range by approximately 30%. This results in annual revenue savings estimated at \$1.2 million and a profit-based ROI of 6.2 to 1. Any improvements made to the customer experience provide additional benefits and return.

