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MARKETING SOLUTIONS
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Outsmarting a Bigger Competitor

OVERVIEW

A small producer of metal parts for the aerospace industry was near bankruptcy after an upstart competitor wiped out 50 percent of its marketshare in two years. The competitor's California manufacturing location allowed better access to the West-Coast-based industry and lower shipping costs. Modern equipment provided an unbeatable advantage over our client's decades-old plant. New long-term contracts with the industry's largest players seemed to doom our customer.

CHALLENGES

The capital investment required to modernize or move the production equipment to California would be prohibitive … and they were too late – the largest customers were already lost to long-term contracts. Although the competitor had significantly lower shipping costs and newer, low-cost production facilities, the business owner was determined to slash his prices to fight his superior competitor for any business he could scrounge for.

THE SOLUTION

Through extensive research and interviews with customers and industry experts, we convinced our customer that:

a) He could not re-gain his lost customer base, even by lowering prices. A head-on price war would only speed his company's demise.

b) His plant was old but had unique capabilities – production flexibility and the ability to produce distinct shapes – that could be leveraged in an entirely new strategy.

We went after those niche products and actually RAISED prices. Although we had a shipping disadvantage for West Coast customers, we had an ADVANTAGE for any customer east of the Mississippi and in Europe. We determined to "own" these customers. Finally, we developed an eCommerce strategy to significantly lower his sales administration costs and allow him to compete effectively for international customers that had been ignored by competitors.

RESULTS

By avoiding a head-to-head showdown with the market leader and leveraging a profitable niche, our customer had higher profits within a year on lower volume. He had replaced nearly all of the business lost to the West Coast competitor through new regional and international customers.