

## Defending against cheaper competitors

*Defending against cheaper products is nothing new. But a series of environmental and economic factors now mean it is a part strategic planning that every business needs to consider.*

3 potential strategies include:

1. INNOVATE
2. ADDED VALUE
3. SELECTIVE OFFERINGS OF LOWER TIER PRODUCTS

### INNOVATE

There will always be early adopters and an early majority. If you can continue to innovate and renovate product and packaging options, be the first to market and continue to hone your offer, you can build your reputation for being the best and you can stay ahead. This requires a real commitment to R&D and also execution, but the payoff can be worth it.

One of the recent examples that we like of this is Boost Juice Bars. They continually seek out the latest healthy trends and ingredients and market new offers to pitch themselves as the experts. When combined with good execution of their franchise model, the strategy has positioned Boost well to block new competitive entrants.



### BE MORE THAN YOUR PRODUCT



There will always be a part of the market that identifies with brands. Consumers who are highly involved and interested in “added value”. By building your brand’s attitude and community, and also offering them extra value and rewards that may not cost you a lot, you can become “more than your product”. We have seen lots of examples of brands that do this well. We like MasterCard’s campaign offering consumers access to exclusive concerts if they purchase tickets with a Mastercard.

A B2B example that we like is L’Oreal. They offer premium products with premium prices, but if a salon uses their products exclusively, they provide added value with 24/7 technical support, free staff education and awards/competitions that promise to bring significant positive PR to the winners. For many salon owners, the price includes the product but also the price of keeping up to date in a fashion-led market.

### SELECTIVE OFFERINGS OF LOWER TIER PRODUCTS

There will always be a segment of the market that buys on price. You first need to analyse and understand how much of your current customers’ total “Basket” value you have? That is, what % of their total current spend is with you and what % is with competitors? Where have your lapsed customers gone? Can you conduct exit interviews with customers who haven’t purchased in a while to find out where they’ve gone to?

Can you capture some of them without cannibalising your current sales by offering a “no frills” tier of products under different brands? Or can you offer companion products that don’t compete directly with your core offering?

Our favourite example of this is cosmetics. Heat Group sells cosmetics in all channels and they have a wide range of brands to cover all price tiers of the market. They are targeted in their product range, marketing, distribution and pricing so that the risk of overlap or cannibalisation is minimal. It is about having an offering that will suit every possible lipstick wearer in the market, to ensure they don’t have holes in their range that forces consumers to go elsewhere.



For help with developing actionable defence strategies, get in touch with Plan-Tation today.

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