

# Is volume decline causing you to rethink your pricing strategy? Understand the facts before acting.



## The Challenge

A specialty distributor was experiencing an undesirable volume decline compared to the previous year. They believed this decline was a result of their recent price increases, leading to their products being priced higher than their market competitors. As a response, they planned to implement price cuts to boost their volume. However, they needed to validate whether the drop in volume was primarily due to overall economic conditions, pricing misalignment, or a combination of both factors.

## The Solution

INSIGHT developed and executed a robust survey of the business's declining and lapsed customers to investigate purchasing volume trends and drivers. Our findings revealed that customer volume, especially for certain product lines, had decreased largely due to changing economic conditions. Furthermore, we gained valuable insights into the factors that had prompted customer to purchase from other suppliers.

## THE RESULTS



*Isolated where price affected volume loss*



*Executed targeted, surgical pricing actions*



*Avoided further loss in margin & revenue*

*If this distributor had conducted the aggressive price decreases they initially planned across all customers, they would not have seen the growth they expected because volume decline wasn't strictly due to price.*

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