

Case Study

INDUSTRY > Automotive

FUNCTIONAL AREA > Strategy

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Leading Class 8 Truck Manufacturer Develops Pricing Strategy to Maximize Sales and Profitability

Summary

A market leading Class 8 truck manufacturer needed to develop a pricing strategy that would help the company deal with large demand fluctuations inherent in the industry. The organization created a new pricing strategy that maximized the probability of sales wins and provided better visibility into dealer activity to ensure that pricing and concessions were being handled consistently. Ultimately, the company was able to increase deal profitability by 15-20%.

Customer Profile

A Worldwide Market Leading Class 8 Truck Manufacturer

Challenge

In the Class 8 truck market, demand fluctuation is an ongoing part of the landscape. In economic downturns, often customers hold off on capital equipment purchases, and then when things improve, they buy all at once. This creates a “multiplier effect” that can create wide fluctuations that manufacturers and dealers must

navigate. The client, a leading manufacturer of Class 8 trucks, wanted to develop a pricing strategy that would help to address this issue. The client also lacked visibility into the pricing practices of its dealers. In some cases, they were taking part of the manufacturer’s pricing concessions as additional profit, rather than passing all of it to the customer. They also encountered dealer pricing conflicts from dealer competition. The client wanted to implement guidelines to help ensure standardized pricing and concession practices across the dealer network.

Solution

The consulting team started by gathering a wide variety of data and performing an analysis of the relationship between pricing and sales wins and losses. Based on this analysis, the team developed a pricing strategy to maximize the probability of sales wins. They also delivered a strategy and plan to better monitor dealer activity and guarantee that pricing and concessions were being handled consistently.

Results

Based on the strategies and plans delivered, the client not only saw an increase in the rate of sales wins, but they were able to increase deal profitability by 15-20%. Furthermore, with a program for monitoring dealer practices, they were able to ensure that the right dealers were getting the right deals, resulting in reduced pricing conflicts.

