

Ten Strategies to Use When Your Competitor Lowers Their Price



Few things strike such fear into sales professionals as when a competitor lowers prices. The knee-jerk reaction is to go toe-to-toe and price match. But this strategy is ultimately a zero-sum game; as prices drop and your solution becomes seen only as a commodity, it becomes harder to compete and harder to sustain profit margins. The good news is there are several effective and easily implemented strategies that can help you sell against lower-priced competition. Here are ten ways to play to your strengths, defend your turf, and even boost your bottom line when the competition drives down price:

1. Differentiate

When is a competitor not *really* a competitor? When you can skillfully distinguish the competitive advantages of your company and its products or services. Again, if your solution is seen as a commodity, then *why wouldn't* customers choose the lower price? Don't let that happen. Make sure the customer knows what makes your offering different – and better!

2. Exploit a Feature That's Taken for Granted

Even a feature or benefit that's common to all players in your market space can become a competitive advantage if no one else is claiming it. Case in point: Liberty Mutual – the insurance company that promises you can “only pay for what you need.” Frankly, this isn't unique in their marketplace; insurance coverage is based on the needs of the customer and the customer pays for what they need. But Liberty Mutual has turned this common practice in their industry into a perceived differentiator and competitive advantage. So, don't overlook touting common practices – especially if the customer doesn't perceive them to be common.

3. Sell Value

When prices drop, a good pivot is to sell value rather than price. Instead of relying solely on your Unique Selling Proposition, shift toward emphasizing your Unique *Value* Proposition. The differences might be subtle, but if you can differentiate well enough to make prospects understand the value of doing business with you, cost-based competition won't be as big a threat. [Make sure you have and know your Value Proposition statement.](#)

4. Sell Service and Customer Care

Can you emphasize service after the sale, or a better customer care experience? If so, this is another key differentiator that can blunt the impact of lowered price competition. Today, customers expect personalized, responsive service, and service is often left out of the sales story.

5. Sell Speed

Is your company more responsive than your competitors? Do you offer a faster engagement process or buying experience? Can you get your product into the customer's hands more quickly? These can all be critical deciding factors for customers.

6. Sell Simplicity and Ease of Doing Business

Is your company easy to do business with? When cost cutting leads competitors to cut corners and make buying complex and unpleasant, if you can simplify the customer experience, you'll gain a buzzworthy competitive advantage.

7. Sell Quality

One key component of perceived value is the quality of your solution. If your product or service has an excellent quality record, emphasize that. It just might keep many customers from jumping ship if they fear settling for a lower-quality choice – even if that choice carries a lower price.

8. Sell the Fear

Change is uncomfortable. So, if you can emphasize the complexities and discomfort of changing from your brand to a lower-priced competitive solution, chances are you'll be able to retain market share and gain long-term loyalty. Or share how your product/service takes any risk out of operating their business.

9. Broaden Your Horizons

Is your historic market base too narrow to support price sensitivity? If so, it might be wise to look beyond perceived boundaries and expand your market. One way to accomplish this might be to seek and establish new strategic partnerships. With new partners in play, you can grow your market and boost your bottom line even if your overall market share remains static.

10. Exploit Your Brand Equity

Lower price competition often enters a market without much else going for it than the price difference. So, if your company and its solutions have a solid reputation, use this to your advantage. Remind prospects of your longstanding trust in the marketplace. Customers who care about quality, relationships, and proven performance will likely remain in your corner.

The Bottom Line:

If you are concerned about how to sell against lower-priced competition, just remember to play to your strengths. Differentiate your solutions by highlighting how your solution is better than the competition. Emphasize quality, value, and customer care. Remind buyers how risky it can be to buy a cheaper – and often unproven – solution from a less reputable competitor. In other words, there are many ways to stand apart from, and rise above, cost-based competition. The key is to avoid knee-jerk price matching and approach this challenge strategically.

Our licensed Advisors at Sales Xceleration have years of experience designing and executing value-based sales strategies and can assist with building a Value Proposition for your products/services. To learn how a sales leadership consultant can help you fight back when competition drives down prices, [contact me](#) today at 925.487.1970 to schedule a no-obligation appointment.

