



LUMERIC™ Project Summaries

Project Type:

Acquisition and Growth Strategy

Sectors: Energy and Industrial

Company Size: \$3B+;
\$60M business unit

Company Position:

Market Follower

Client Level:

VP Strategy, Corporate

The Critical Decision:

Would it be more effective for a manufacturer of flexible metal fuel gas piping and tubing to move into other market segments organically or through acquisition?

The Answer:

Client should migrate through acquisition as customers are loyal to suppliers and there are limited opportunities to differentiate by leveraging their technology.

The Discussion:

The client, a US division of a global manufacturer, was one of a few suppliers monopolizing the US market share of a major, mature segment of the flexible metal gas piping and tubing market. Shares for these suppliers had been stable for over 10 years as customer brand preferences were entrenched, there had been very limited product innovation and the benefits of switching were marginal. Most recently the client's competitors began migrating to others segments to realize higher levels of growth and our client wanted to follow suit.

Through a series of in-depth qualitative interviews with product buyers, distributors and industry experts along with comprehensive secondary research, Lumeric analyzed the various approaches competitors had used to migrate into new segments, the results of their efforts and profiled ideal acquisition candidates in each prospective segment. The results showed that our client would be far better off migrating through acquisition as there were limited opportunities to leverage their technology, customer were unlikely to switch to a new entrant without significant innovations and the addition of scale to client's business would offer measurable and immediate operational efficiencies. 