



by Matthew Simmons

Marketing Pricing in a Recession Compete WITHOUT Cutting Price SUCCESS

These days, when business is tough we have constantly think of ways to compete better and when we are going through a recession as bad as the current one, there is a great temptation to cut prices or even to think you need to cut your prices just to compete.

It is simplistic to suggest that you never have to do this but its worth fighting hard to ensure that this doesn't become a habit.

Key to giving you the best chance of holding prices as high as you can, is to have a strong brand, (see our article on building a strong brand here www.snap-marketing.co.uk/articles) and we talk there about defining the

value you offer to your customers.

Communication of your products or services in the context of the value you deliver to your customers gives you greater control over your pricing.

But here are some other great tactics you can use to make sure the sales conversation is about issues other than purely price.

Bundling creates Choice

Bundle your products to extend your product range and create a range of low- to high-value offerings and set pricing price

Bundle Products to disguise price discounts - add VALUE

accordingly.

This will enable you to satisfy both ends of the market simultaneously without seemingly cutting prices.

Reducing prices to generate more sales (or to stay competitive) will not improve your business over the long term, but you can mitigate their effect on profits by control company costs and reducing inefficiency.

Other Profit Strategies

Streamlining operations and outgoing expenses is good practice. We tend not to prioritise this when times are good but we can't afford not to now.

Innovate to Differentiate

Try and innovate in order to offer something unique – this applies to the products you offer as well as your business model.

Increase resourcing (even if its intellectual resource if you don't have

the funds) to generate new products or ways of doing business that give you an edge either negotiating customers or in the market. Innovative products are great but don't forget that it took 5 years for the iPod of slow sales before to become an 'overnight' sensation!

Try to Avoid a Price War

If you simply cut your prices just to compete sends out all the wrong messages.

Getting into a price war with the competition or a horse-trading battle with your customers-- will just send you into a downward

pricing where no one wins, unless you adjust the value of the product in line with the price drop. Disguise any price cut or bundle an offer.

Leave the High Ticket Items alone

Typically high-value products priced appropriately are more price-elastic so it will be a waste of time discounting pricing – it is unlikely to change sales uptake, lower-value products will be responsive to price-cutting.

Innovation
creates new
opportunity

If you do get into a price fight, and price-driven customers threaten to take their business elsewhere keep pressing on the unique value of your product to their business, thus justifying the price, or simply let the customer take his business elsewhere.

If he is so focused on price alone, he will always do this.

Relentless price-driven customers are mercenary and will not be loyal – you might cut to keep the business now but he'll be back next year for more. Or your competitor will just 'buy' the business and you may be left with lots of stock you can't sell elsewhere.

Give us a call or drop me an email if you need help.

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Call us **FREE** on 0800 955 1413

Price-driven
customers
are rarely
loyal



snapmarketing



because... it's all about getting your foot in the door