



## Maximize Your Media<sup>®</sup> Grow Your Company

### **Pricing Tips**

- Customer loyalty is tied to need, not price
- Find out what your customers need and promote it— fervently
- If you become a commodity there is no compelling reason to buy your product over your competitors
- Do consumers really believe you when you shout "OUR prices are LOWER!"
- Do they care?

**Price your product to fit your positioning in the marketing channel. If you are a quality product, you need to be priced higher than lower quality products.**

With the recent downturn in the economy, many companies are questioning their pricing structures. They believe that if they only drop their prices to "rock bottom", they will increase sales and make it possible to overcome the recent slowdown. Yes, they may see an increase in sales but at what price? And for how long? It has been our experience that those that sell strictly on price ("but OUR prices are LOWER!") are wasting their money if also attempting to brand their products. They are downplaying the quality and value of doing business with them while reinforcing the customer's notion that all "X" are the same.

### **Price to Survive Tough Times**

#### **Customer Loyalty**

The most striking consequence of pricing a product as "low price" is that it develops ZERO customer loyalty. A customer may swear by your store but until XYZ WE SELL FOR LESS has even LOWER prices, they are gone. So you depend on volume to turn a profit. Let's look at an example of this type of pricing. Consider a window manufacturer with a unique selling proposition that states "We are different because our prices are lower." Will this bring customers screaming into their showrooms? Doubt it. Think about Home Depot and their philosophy. When you enter their store, you are greeted by salespeople who actually know how to perform your project. Are their prices lower? Not necessarily. But the sense of confidence they create by their experience increases the value of the sale thus justifying the higher price.

#### **Fill the Need**

So, back to our window company. What do their customers want? A professional installer? The job

done job right the first time? Should their slogan be "We Do it Once" instead of "We are Lower?"

#### **Customer Value**

What is the value of this particular customer to our window manufacturer? REFERRALS!!! Do the job, make the customer incredibly happy, and get the names and phone numbers of all their neighbors and friends.

#### **Go Out-Of-The-Box**

Use non-traditional venues to extend service to customers. Maybe tie-in to a loan officer that delivers a low rate, hassle free home equity loan to help pay for the windows. Or tie-in with local professional services – brick cleaners, landscapers or other related services to help their house shine and show off their new, quality windows. Send a smoke detector (with the company logo on it) to remind the customer (at least twice a year when they replace the batteries) of our window friend. Do the job well, build up your referrals and grow your company even during tough times.

**Contact Capstone Media for Strategic Media Solutions**

**Ph 440.717.1100 or email [specialist@capstonemedia.com](mailto:specialist@capstonemedia.com)**

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