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brand as business brief -- smart pricing and promo strategies

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brand as business™ brief

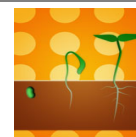
brand as business briefs are periodic emailed briefings about how companies can operationalize their brands

from denise lee yohn
05.25.10 vol 025

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in this brief:

- 1 don't be short-sighted with promotions
- 2 how to stop customers from fixating on price
- 3 what is denise doing?
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Dear friends and colleagues,

Although the economic situation is on the mend, consumers remain hesitant to open their wallets. Companies are looking to crack the code with pricing and promotional strategies. Deep discounting is not sustainable, nor desirable -- but returning to full retail pricing is likely to be rejected by today's budget-conscious consumers.

Here are two pieces which offer some guidance on effective pricing and promotion strategies:

- "don't be short-sighted" -- In my monthly column for QSR Magazine, I outline promotional strategies which build your business and your brand.
- "how to stop customers from fixating on price" -- This month's Harvard Business Review features smart advice on how to "jolt customers into considering the value of your offering in terms of quality and personal relevance."

As always I want to hear your feedback and questions, so please [let me know](#) what you think.

don't be short-sighted



Lately, it seems many chains are using promotional strategies that hurt their brands more than help. Giving away food, running price-dominated communications, matching competitors' offers -- these approaches may prompt a spike in sales, but they do little to grow businesses in a sustainable way. The promotions are **remarkable**, but they're not **resonant**.

That's because they usually don't make a lasting impression, and if they do, customers are more likely to remember getting cheap food instead of good value. Consumer confusion also results, as chains inundate people with me-too promotional messages that are difficult to distinguish or remember. The brand and its attributes and benefits are often an afterthought.

Promotional strategies which actually build the business make the brand more:

- **meaningful** -- relevant to the target customer
- **differentiated** -- distinct from others in a way which target customers notice and care about
- **transcendent** -- valuable beyond any specific product or offering

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what is denise doing?

- writing blogposts like [Brand Platforms Are Like Political Ones](#) and [What I Learned from C.K. Prahalad](#)
- preparing to moderate a roundtable at Red Herring's 100 North America [conference](#) -- topic: Lessons Learned: the Path to Success
- debriefing from a series of successful re-positioning summits for a QSR client with my new partner [Bulldog Drummond](#), a design and innovation consultancy practicing "Uncommon Sense"

service spotlight

This brief's featured service is:
Brand as Business Workshop

- Have you've set a new brand direction but some

how to stop customers from fixating on price

A great [piece](#) in this month's **Harvard Business Review** suggests four pricing moves which actually **diminish the salience of price in a transaction**.

1. **change the basis of your pricing structure**, as Goodyear did when it priced tires according to how many miles they would last.
2. **stimulate curiosity with willful overpricing**, as Burt's Bees does with its natural beauty products.
3. **partition a price into components to make customers notice a key benefit**, as IKEA does by charging separately for a table's top and legs, alerting people to its useful modularity.
4. **put the same price tag on a range of options**, causing customers to weigh their preferences, as Swatch did when it uniformly charged \$40 for any watch design.



I hope you get as much out of the [article](#) as I did. And if you're not an HBR subscriber, John Caddell, Founder and Principal of Caddell Insight Group, a product marketing, innovation, alliances and strategy consultancy, provides great [Cliff Notes](#).

stakeholders haven't embraced it?

- o Do your internal teams have trouble understanding their role in interpreting and reinforcing the brand?
- o Is there a disconnect between your brand vision and the actual customer experience?

A "Brand as Business Workshop" is a dynamic worksession in which stakeholder groups develop agendas to drive how they operationalize the brand strategy.

[Download](#) the service snapshot and [watch](#) a brief video of excerpts from a recent workshop.

[Contact me](#) to book a workshop for you and your team -- or [check out](#) other ways I can help you achieve your brand and business objectives.

send to a friend



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denise lee yohn has been inspiring and teaching companies how to operationalize their brands to grow their businesses for over 20 years. World-class brands including Sony, Frito-Lay, Burger King, and Nautica have called on Denise, an established speaker, author, and consulting partner.

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