

What Happens When You Try To Fool Customers

Denise Lee
Yohn

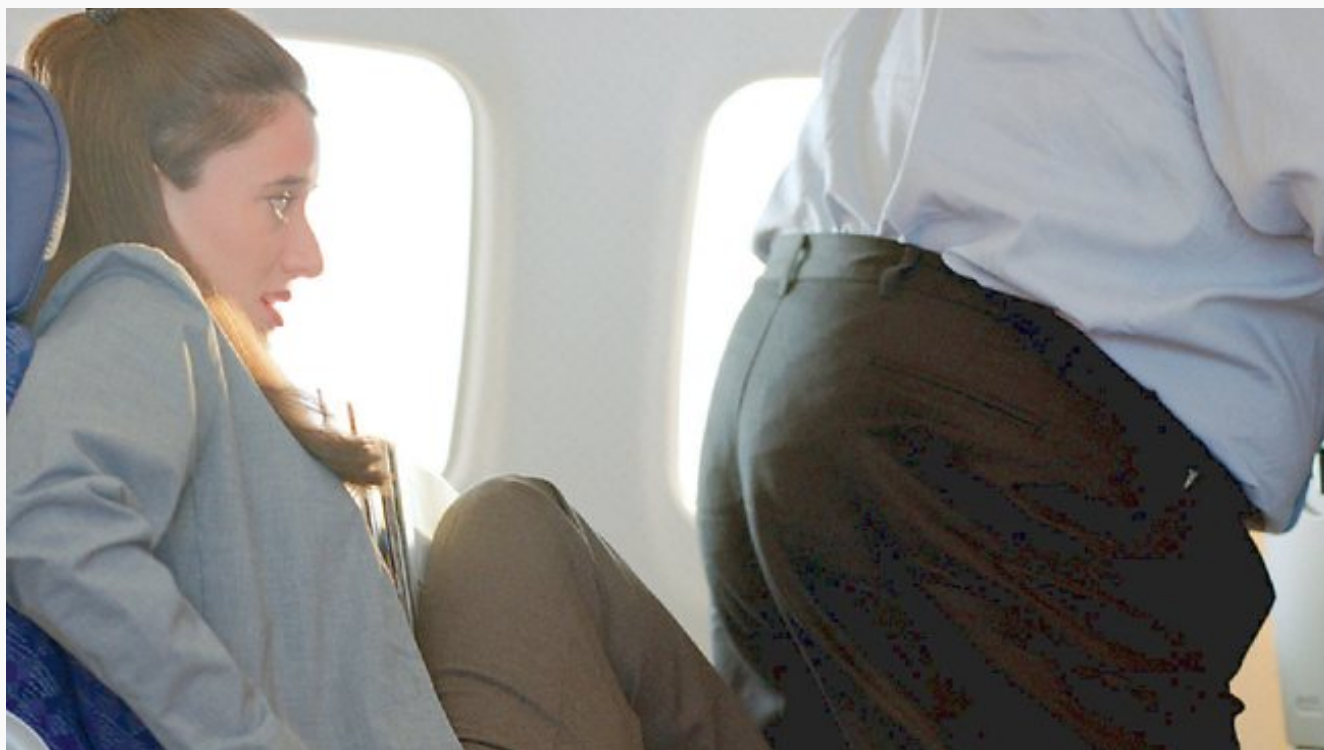
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If past years provide any indication, many companies will try to generate some buzz this April Fool's Day with pranks, gags, and stunts. But some companies actually try to fool customers all year long. And unlike humorous, harmless, short-lived practical jokes, their actions can cause real damage. They destroy customer trust, damage brand equity, and sometimes lead to costly legal battles.

Companies behaving badly

Take, for example, how airlines try to conceal how they're shrinking seat sizes. Many U.S. carriers have replaced old, bulky seats for "slimline" models, reduced the space between seats, and made aisles narrower. Even the seats on Southwest's 737s have thinner seatback magazine pockets and Alaska Airlines' have slightly smaller tray tables.

Airlines have thought customers wouldn't notice these changes because they've made video screens larger and installed new headrests, but anyone who's been on a plane recently most certainly feels the squeeze and resents it.



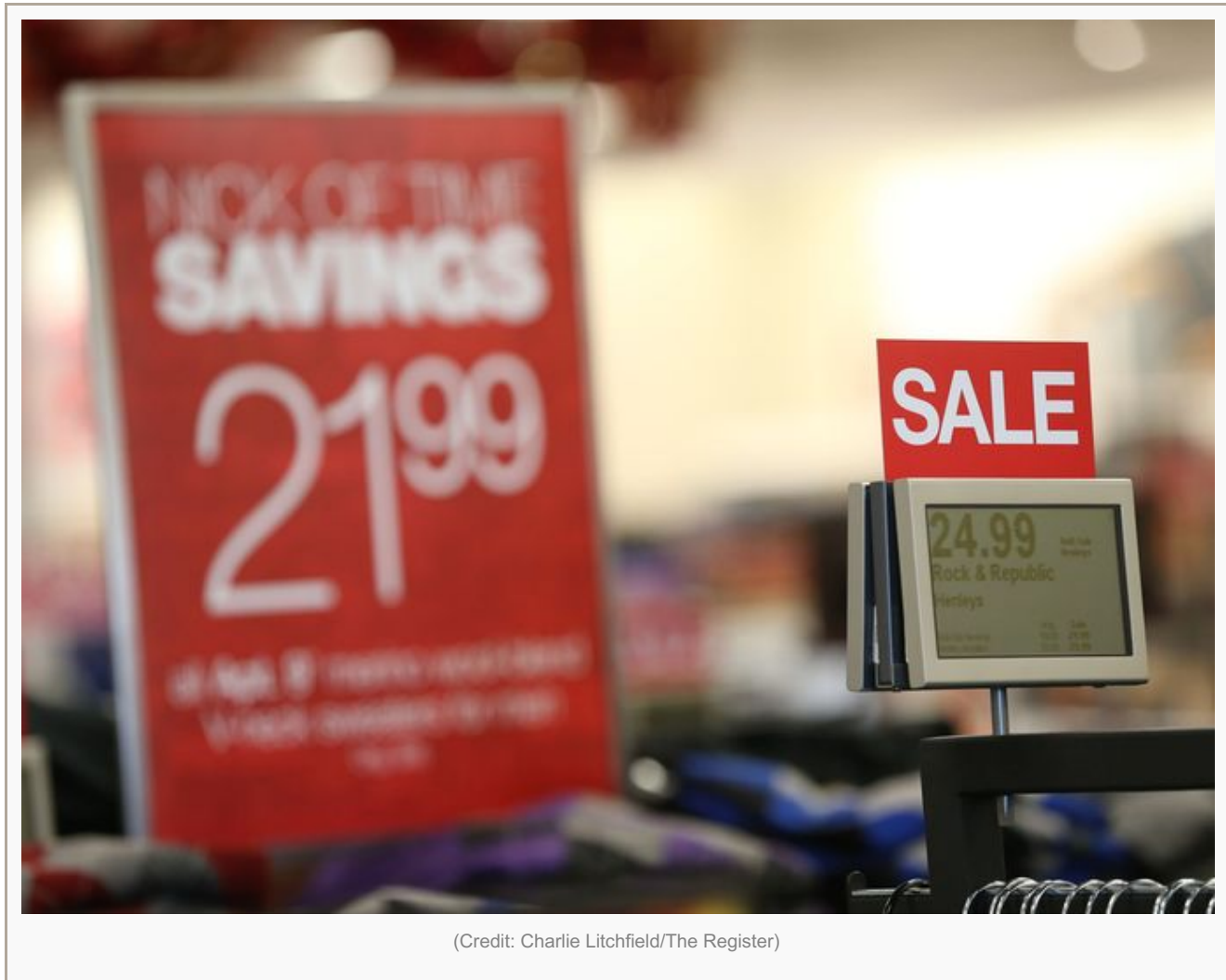
(Credit: Stewart Cohen/Blended Images/Corbis)

Then there are consumer packaged goods brands that shrink their packaging but maintain their pricing. A few years ago [Consumer Reports found](#) manufacturers downsizing packaging by as much as 20% but still charging the same price. Haagen-Dazs ice cream "pints" shrank from 16 oz. to 14 oz. and Tropicana's orange juice "gallons" from 64 oz. to 59 oz. Companies often hide their size-reducing techniques, changing the dimension of a product's depth while maintaining its height and width so it appears the same on the shelf, or indenting the bottom of containers, or filling bags with more air. Customers may initially fall for the trick when buying a product (the "first moment of truth") but end up disappointed when consuming it (the equally important second.)

Healthy-sounding claims is another sneaky corporate tactic. Terms like "multi-grain," "seven grain," and "wheat" may

make products sound healthy, but they may not actually contain heart-healthy whole grains. “Farm-fresh” and “all-natural” are frequently used on egg containers to make them seem different or better, but they mean nothing. Products, like [Frito-Lay's Tostitos](#) and Fisher's Nuts, that never had gluten in them have been marketed as “gluten-free.” As more people become more educated about healthy eating, the less likely these foolish tactics will work.

Department stores are notorious for trying to fool people into thinking they're getting a discount. Using a high-low pricing strategy, they mark-up a product when they first bring it in to the store or during a high demand period so that the price tag reflects an inflated price. Then they systematically use sales, discounts, and coupons to attract people's attention and drive purchases. They think people will compare the price to other items not on sale and buy it, without realizing that the “sale” price is merely a perception. But most customers are smarter than that.



And one positive outcome of Ron Johnson's failed strategy at J.C. Penney was consumer education. In a 2012 public presentation, he [reported](#) that the company was selling fewer than one out of every 500 items at full price. Customers were receiving an average discount of 60%, up from 38% ten years earlier — but they weren't actually saving more. The average price paid by customers had stayed about the same; what changed was the initial price, which had increased by 33%. It's no wonder why customers, armed with this information thanks to the news coverage, were reluctant to return to J.C. Penney when it resumed its high-low pricing strategy.

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The most fruitless effort to fool customers might be the pledge made last fall by Coke, [Pepsi](#), and Dr. Pepper to cut beverage calories consumed by Americans 20% by 2025. On the surface, it sounded like these companies were planning to reduce the calorie count of their products, but they will actually simply promote bottled water, low-calorie drinks, and smaller portions. Consumers have already been moving in this direction, so the commitment is more symbolic than substantial. As a result, the announcement did little to bolster the images of these brands as the companies had hoped.

As all these examples show, when you try to fool customers, you usually fail. You waste resources on actions that alienate people; you miss opportunities to do something meaningful and compelling; and you breed distrust.

Trust matters in an age of radical transparency

Trust matters in customer relationships now more than ever. Today's marketplace demands radical transparency. Customers no longer simply buy a product because the logo is familiar, they have higher expectations for the brands and companies they do business with, and they certainly don't accept business practices simply because that's the way it's always been.

You need to communicate with integrity and make sure information about your products and your company is clear, accurate, and readily available. Plus, you need to realize people are empowered and equipped with the tools to learn practically everything they want about a company and its practices, so they'll discover the truth one way or another.

Savvy companies respect their customers and honor their relationships. When you act above reproach, you inspire customers' confidence, enhance your appeal, and win people's loyalty. When you try to get by with something and hope no one will notice or care, you lose. The only people you're fooling are yourselves.

Denise Lee Yohn is a brand-building expert, speaker, and author of [What Great Brands Do](#). Visit her [site](#), sign up for her [newsletter](#) and follow her on [Twitter](#).