



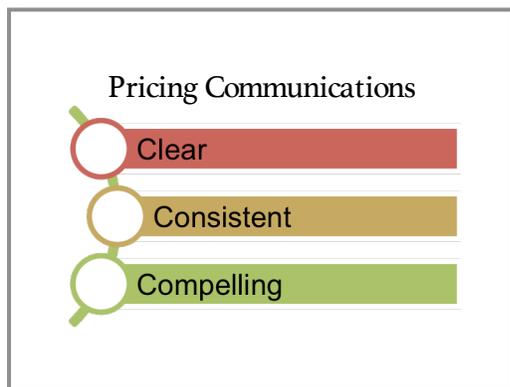
Communicating Pricing

Pulling Consumers into Desired Behavior



Communicating Pricing

A well designed pricing strategy will provide inherent levers to help move consumers along the continuum of products and services available for sale. How pricing is *communicated* is critical to execution. To ensure successful implementation, pricing communication needs to be:



- ✓ Clear;
- ✓ Consistent; and
- ✓ Compelling.

Clear

Regardless of how or where consumers engage, what they will receive for the price they pay must be transparent. If a product doesn't include a feature or benefit the consumer expected, they will be disappointed and perhaps lose trust. Are the batteries included? Does a charger have to be purchased separately? Does my telecommunication

plan include international calls and data? On the flip side, if the product or service contains features that are not apparent, you are at risk of losing a potential sale or leaving value on the table. Do your guests know breakfast is included with the price of the room? Is it clear – before getting to check-out - that your products ship for free?

Research has shown that brands that score high on the [“decision simplicity index”](#), which measures how well the brand aids navigation, builds trust, and makes it easier to weigh options, have a higher likelihood of purchase. Prices need to be readily apparent, whether purchased in-store, online, on a mobile device, or by phone. The price of a product is an important factor considered when evaluating a purchase, and consumers are generally both time and patience constrained. On physical products, having prices large enough to read and not obscured by other information is critical. The description on the shelf needs to match what is on the item. Too often, bar codes or abbreviated key codes appear on shelf prices. While it may be the number of record for internal inventory control, that information may be frustrating for the customer to decipher and figure out.

On the web, regardless of the product or service being sold, reducing the number of clicks to reach pricing information is paramount. If selling products or services that can be customized by the purchaser, make the path to purchase simple and intuitive. Pricing grids, where all the options can be laid out side by side, with clear indication of differences and benefits among various products and services, work well for many categories. Not only does it do the legwork for the consumer, but most pricing grids can be reached on a website in just two or three clicks, a critical factor for time-starved consumers.

When communicating pricing information, be sure to simplify. State what is critical to know, but steer clear of overwhelming consumers with every minute detail. Speak in the consumer's language.

Consistent

In an omni-channel environment where consumers can engage through mobile, online, or brick and mortar – all in the process of purchasing one product - it is non-negotiable that communications regarding price are consistent. This is not to say that the actual price needs to be the same in all channels, just the message around why the price is what it is. For example, many attractions sell tickets online at a reduced price to secure commitment. This is not only acceptable, but a great practice in competitive markets. What is important is that consumers know the real price as well as the reduced price for purchasing online or via mobile.

Often times in an effort to update all channels when price changes are made, we forget one of our most valuable resources: our employees. The team directly responsible for selling either by phone or in-person is often the last to know of price changes. Not only do they need to be informed, but they need the right message points as well, which brings us to the importance of “marketing” the pricing.

Compelling

Your products and services have a story and that begins to bear tangible fruit when it comes to pricing power. When communicating your pricing, ensure the story is not lost in translation. Rather, lead with the story. TOMS shoes (or eyeglasses) takes a bold and heart-wrenching approach with the One for One promise. For every pair of shoes purchased, TOMS donates a pair of shoes to a needy child. Powerful. It makes you feel good about your purchase, even though you may find the same shoes for a lesser price elsewhere. Or consider Chick-fil-A. Small soft drinks or soda run about \$1.35 while lemonade is 20 cents higher. Why? Because it is fresh-squeezed lemonade and Chick-fil-A makes sure you know that. Or RedHead socks. They come with a lifetime guarantee. If your socks ever wear out, they are replaced for free and RedHead knows that’s an unusual promise for socks. Still not a convert on the power of story? Check out Rob Walker’s anthropological experiment on the [SignificantObjects](#) website.

Compelling value messages are real. When shopping for cookware on the Williams-Sonoma website, I ran across a cookware set from Calphalon – a 10” fry pan and 3 quart saucepan. The “suggested” price (completely meaningless without reference on where the suggestion originated) was \$375.00 while “Our price” was \$99.95. What would have been much more useful – and compelling – was the true “savings” I had to discover on my own. The fry pan standalone was \$89.95 and the same saucepan if purchased separately was \$99.95. Williams-Sonoma failed to grab my attention with “Buy a three quart saucepan and get a 10” fry pan for free” or “Save over 45% with the purchase of both a fry pan and saucepan”.

Clear, consistent, and compelling. Consumers are time-starved and overwhelmed with options. The more you can do to ease the path to purchase, the better.

Who we are: Integrated Insight, Inc. is an Orlando, FL based analytics consulting firm, helping organizations out-behave the competition. The company was founded by two former Disney executives with a passion for helping organizations and the people in them reach their full potential. The company specializes in the use of data-driven insights and robust analytics to pinpoint untapped opportunities and ensure long-term, sustainable growth in three primary capacities: New Business Strategy, Business Optimization, and Research and Consumer Insights.

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