

IT'S NOT ABOUT PRICE, IT'S ABOUT YOUR BRAND



WHEN K-MART SELLS \$30 JEANS YET CALVIN KLEIN CAN SELL \$300 JEANS, YOU KNOW IT'S NOT ABOUT THE PRICE TAG. THE QUESTION IS, HOW IS IT THAT JEANS THAT ULTIMATELY COME OUT OF THE SAME FACTORIES ARE SOLD BY ONE BRAND FOR TEN TIMES THE AMOUNT OF ANOTHER?

The answer always comes back to your brand. What kind of reputation do you have; does the client see value in what you offer; and is it relevant?

REPUTATION

"Branding is what people say about you when you're not in the room." This is a famous

quote by Jeff Bezos, founder of Amazon and it demonstrates the power of branding. It also highlights the fact that your brand is ultimately your reputation.

We've all heard crazy stories about the cost of getting a performer or celebrity to grace you with their presence at an event or nightclub. The bigger their reputation, the more you're likely to pay. Reports of Christina Aguilera earning \$1 million dollars for just one hour of singing at a private Halloween party makes Kim Kardashian's fee of \$50,000 look positively cheap!

Your reputation will go a long way in ensuring that price is not a factor in the purchasing process. We see this all the time with Apple products. The truth is that Apple product features do not differ as much as their price tag would suggest. However, they look better, and they make the customer feel progressive,

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innovative or creative. Does the higher price tag matter to Apple customers? Clearly not.

What kind of reputation does your business have?

VALUE

When the client sees value, the price is irrelevant. My daughter recently broke her thumb and we had to get a splint moulded to her hand to prevent any further damage. She's a budding gymnast who trains 14 hours a week. Our aim is to get her hand to heal properly in the least amount of time so that she can complete this season.

I had the choice of two splints. I was told that they would both achieve the same result. One looked more high tech than the other and could be remoulded to her hand when the swelling went down. I was told that it might be over-kill for her injury and that it was double the price of the other. I chose the most expensive. Why? Because my daughter is important to me and I want to ensure the best possible outcome for her. My perception is that the expensive one is



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going to give us the best result. I see value in that and was prepared to pay a higher rate.

EXPERIENCE

When brands create an experience for their customers, price once again falls to the wayside. Fine dining is the perfect example. If you have a head chef or an owner who is a celebrity such as Jamie Oliver, patrons are prepared to pay premium price. This is not just because of the reputation of the chef, but also because fine dining provides an experience usually reserved for special occasions. The white linen, decor, beautifully plated food, wine list and highly attentive wait staff makes the customer feel that they are experiencing something special.

Speaking of wine list, it's also interesting to note that not many people choose the cheapest wine on the list. If budget is an issue they will still pass over the cheapest and choose the second least expensive one. The fear of being perceived as cheap outweighs the cost of the wine. It's therefore no surprise to hear that most restaurants ensure that their second cheapest wine is also their most profitable.

Business Chicks is Australia's largest and most influential community for women. They get incredible speakers from around the world

such as Kate Hudson, Amy Cuddy, Julia Gillard and Michelle Bridges to come and talk at their events. While other networking groups struggle to get attendees through the door at \$55 a head, Business Chicks can fill a room of 1700 woman with tickets three times the price. The experience that they create for their members is connected, memorable and one that nobody wants to miss out on.

PURPOSE

"It's not about the money, money, money," sings Jessie J. She just wants to make the world dance. She's singing about purpose in this song and purpose, especially to Gen Y & Z, is going to become more and more of a reason for them to choose your business.

The question is, does your business stand for anything? Do you have a greater purpose or cause that the business supports and that your customers can get behind? The Body Shop has been doing this since the early 70's. No testing on animals has turned into a full-blown stand to protect and save our planet. This is a real concern for many people and a reason why they would purchase a product regardless of the price.

Social enterprises are popping up more frequently as they have identified that by having

a strong purpose, clients will buy from you. The brand Thankyou is a great example as they donate 100 per cent of their profits to water, nutritional and hygiene operations in third world countries. As a consumer I have a choice. I can buy a bottle of water where my hard-earned money lines the pockets of a big wig CEO. Or I can buy a bottle of water and not only will my money go to helping a disadvantaged community, the special code on the bottle will pinpoint on Google exactly which community I'm helping!

RELEVANCE

I recently heard of an engineer who was called in from Germany to fix a piece of machinery in Perth. This machine generated \$1 million worth of revenue a week, so it was imperative that it got up and running quickly. The engineer looked around the machine for 10 minutes, tightened a bolt and issued a \$200,000 bill. When asked why he charged so much when all he did was tighten a bolt, he replied "yes, but I know which bolt to tighten." The company was prepared to pay the invoice, as the cost of not fixing the machine would have been more than the cost of the engineer. Being relevant to your customer ensures that the purchase of your service or product does not become about price.

In nearly every situation you should avoid positioning your brand on price alone. This is a slippery slope to disaster and one that is very hard to come back from. The reality is that there will always be someone cheaper than you.

Just look at the printing industry with the advent of Vistaprint. People who buy from Vistaprint are well aware that the quality may be inferior. But free is free, and for some they see the value in this. However, it's not until a business owner has the embarrassment of handing out the same cards as someone else that they realise that they've undervalued their own business by using this service. When it comes to purchasing their next order of business cards, they are less likely to go back.

The challenge as a business is to always demonstrate to your client where the value lies. Focusing on your value proposition over a price proposition is the most effective way of gaining a customer and ensuring that they keep coming back. If they don't value what you do or produce, then it doesn't matter what the price is, they will never be your perfect client.

Find out more at:

www.debbiebrands.com

