

Price decrease promotions are all about perception

South African business in general seems to be missing out on a wonderful marketing opportunity by completely ignoring what every single consumer in the country desperately wants to hear. Prices decreasing.

 By [Chris Mberdyk](#) 12 Nov 2008

Reluctance

And the reason that there is so much corporate reluctance to follow the plummeting oil price with announcements of cuts in the prices of products and services is twofold.

Firstly, they are probably quite rightly extremely nervous about the unpredictable oil price and wild fluctuations in the value of the rand - believing that any day now oil could shoot up as fast as it went down and the rand could take a nasty nosedive as it has done in the past.

Or, the second reason is that corporate bean counters can usually blind marketers with all sorts of complex reasons why prices should not come down.

There is probably a third reason, too, and that is simply to keep quiet and hope that South Africa's apathetic consumers won't notice.

All about perception

But, the whole point is that the notion of announcing a price reduction right now has got nothing to do with reality or what is going to happen tomorrow, but everything to do with taking advantage of current public perception and scoring a bucket load of long-term brownie points for products and brands. And getting some real long-term returns on marketing investment.

And there is very little risk. South African companies have proved time and again that they have the capacity to increase prices at a moment's notice and give extremely plausible reasons for doing so. And rocketing prices and diving rands is about as plausible as one can get.

Cynical

And, let's face it, most brands can do with some positive publicity right now because the whole subprime and bailout saga worldwide has made customers very cynical about business ethics, and never before in the history of commerce has big business suffered from so much lack of trust by the consumer.

Making a big noise about price cuts right now will create an enormous amount of positive PR.

Whatever profit might be lost in cutting prices right now will most certainly turn out to be a great investment in the long-term future of a brand. Not to mention a great way of increasing short-term sales.

The time is certainly ripe right now to use pricing as a productive promotional tool. And in spite of so many companies believing that the price of a product or service is the exclusive domain of accounting, it is and always has been a primary function of marketing. No better time to use it.

ABOUT CHRIS MOERDYK

Apart from being a corporate marketing analyst, advisor and media commentator, Chris Moerdyk is a former chairman of Bizcommunity. He was head of strategic planning and public af for BMW South Africa and spent 16 years in the creative and client service departments of ad agencies, ending up as resident director of Lindsay Smithers-FCB in KwaZulu-Natal. Email Chris on moerdykc@gmail.com and follow him on Twitter at [@chrismoerdyk](https://twitter.com/chrismoerdyk).
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