



HIGH-DEFINITION NEWS

America's Running of the Bulls—Merchants Call It 'Black Friday'

By Clark Crowdus

America has its own version of "The Running of the Bulls" at Pamplona, Spain. It's called 'Black Friday.'

This year Wal-Mart and other discounters slashed prices to the point where they created a near frenzy on the traditional starting day of the shopping season, the Friday after Thanksgiving. And the television images were proof of the spectacle.

This year's holiday season spending has been more intense than usual for a number of reasons, including the fact that high summertime gas prices and consumer confidence in the economy--that belies the underlying debt carried by many Americans and a nation at war--blended to create an emotionally charged level of pent-up demand not seen in many years. Monitoring provided by the National Retail Federation and Visa confirms the frenzy, while comScore echoed a similar trend for online purchases.

Experts say the economy is in expansion mode, and should hold for some time, so if you're a retailer or a consumer products marketer, there are opportunities to sell this holiday season and beyond that you may not see again for a while.

Following are some general ideas about how to take advantage of them:

Revisit your pricing strategy - Economic expansion and high consumer confidence means you have latitude to raise prices. But you have to be careful. In your effort not to leave any money on the table, don't overprice. Remember that Wal-Mart and its peer group are a counter-balance to "taking pricing." Be sure that you carefully consider your value propositions and that you communicate them very clearly as you increase prices.

Get clever about overcoming consumer objections - If you have a big-ticket product, you'll need to be sure you've cleared the path for purchase by countering consumer objections previously identified by your market research. For example, gas-guzzling trucks and sport utility vehicles (SUV's) are being moved out of showrooms by offering two years' worth of free gasoline. Automakers can obtain deep discounts on fuel, making the offer's value to customers far greater than its cost. Or, provide free service for several years after the sale, as BMW has done to

cost. Or, provide free service for several years after the sale, as BMW has done to overcome potential downstream cost objections.

Be flexible - Keep a weather forecaster's eye on shifts in the mood of consumers, the activities of your competitors, and the many other variables that could shift even imperceptibly. These shifts can be very positive, and if you move quickly and nimbly, you could do quite well. For example, retailers have moved *en masse* to quickly get consumers into their stores before the first US winter heating bills arrive and put a damper on all the enthusiasm. "Extending the window" will require a smart strategy.

Push for innovation - With the economy in good shape, gear up for innovation. New, jazzy products will sell well if things remain as they are. Use the products you currently sell to prime consumers for the next wave, building in messaging or features that lead them to the next generation of product.

Watch the environment carefully - There are many fortuitous events that could become "derailers" if you don't see them coming, from weather to interest rates to natural disasters--even acts of terrorism. Be ready for all of them and understand and be able to respond to the risks inherent in your marketing plan.

These are some of the ways you can leverage the astounding levels of consumer optimism that currently exist. But you have to act fast: your competitors are on the same trail. Businesses are stampeding toward consumers, too, and if you fall, your fate could become part of the spectacle of the 'American Pamplona.'

Your feedback is welcomed and should be directed to Clark Crowds,
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Resources:

The following resources are recommended by High-Definition Consulting Group:

Definition: "Black Friday"

http://retailindustry.about.com/od/abouttheretailindustry/g/black_friday.htm

Teaching Web Site Article (Tutor2U): "Pricing Strategies - Skimming"

http://www.tutor2u.net/business/marketing/pricing_strategy_skimming.asp

Marketing Management Site: "Marketing/pricing"

<http://www.themanager.org/Knowledgebase/Marketing/Pricing.htm>

Association: Product Development Management Association

<http://www.pdma.org/journal/>

Accounting Web Site: Vanilla--Article: Wal-Mart's Pricing Strategy

<http://www.vanilla-accounting.com/blog/archives/000112.php>

Information Web Site: Card Companies Ready For Holiday Shopping Crunch
<http://informationweek.com/story/showArticle.jhtml?articleID=54800169>

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