

## **The Lesson in Retailing – Let the Consumer Win**

By Pam Danziger, President Unity Marketing

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The big story in retailing this past year was discounting. With Wal-Mart, Target and others of their ilk dominating retail, consumers know they almost never have to pay full price.

Even at the luxury end of the shopping spectrum, expectations of discounting rule. In Unity Marketing's recent survey of luxury consumers, the majority bought their last luxury on sale or at a discount in every single category save one, beauty and fragrance luxury products.

It's instructive to look at the luxury beauty products category since it traditionally doesn't resort to discounting to drive consumers into the store. Rather, following the trendsetter Estee Lauder that established the practice, beauty product marketers sponsor special events two or three times per year where shoppers receive a special gift package for buying a certain dollar amount of cosmetics. Rather than discounting, savvy beauty marketers give something extra, a reward, to their loyal consumers.

The lesson: discounting price isn't the only way to drive shoppers. But marketers and retailers have gotten lazy, and instead of thinking of creative ways to inspire shoppers to buy, they resort to the same-old discounting strategy, which is ultimately becoming less and less effective.

The key to success for marketers and retailers is to give more value at a reasonable price. There are more ways to make consumers feel like winners in the shopping game than just cutting prices. After all, what luxury consumers, who can afford to pay full price, want to achieve when they buy at discount is the feeling that they have won, beat the system, achieved some special status by saving money.

Ultimately, it's not about the low prices, but feeling like a winner! So give those winning shoppers a goodie-bag of special gifts or some other valuable bonus that will result in an "emotional lift."

Marketers and retailers need to change the ground rules on which consumers measure their "winnings" in the shopping game to retain margins and generate profits.