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Avoid the Slippery Slope of Price Discounts in a Slow Economy

Holden Advisors urges companies to employ smart marketing tactics during market downturn

CONCORD, MASS (PRWeb) – March 13, 2008 – Dr. Reed Holden and Mark Burton, co-authors of *Pricing with Confidence: 10 Ways to Stop Leaving Money on the Table* and founders of Holden Advisors, warn companies to avoid price discounting as a strategy to win business during a market downturn. Alternatively, companies can employ several marketing tactics to outperform the competition.

“Price competition is a fool’s game,” states Holden, “because anyone can play it. As companies compete for scarce business, the pressure to pull the discount lever mounts. Soon it’s a race to the bottom as prices continue to drop and profits evaporate.”

Holden and Burton offer many, more profitable, alternatives to straight discounting in their new book, *Pricing with Confidence: 10 Ways to Stop Leaving Money on the Table*. Some of their tips include:

1. Revise financial goals so they are more in line with market changes
2. Use services as a way to differentiate your offering from your competitor – and make sure you charge for them.
3. Use flanking products to offer lower priced offerings while protecting high value products.
4. Continue to invest in innovative new offerings

“A company that should weather this downturn better than competitors is Apple,” explains Holden. “They have a continuous string of new products – both at the high-end to protect the pricing umbrella and a number of mid-level extensions like Time Capsule that generate incremental revenues. Apple also is playing pretty hard at the low end with increasing capabilities in products like the Nano.”

Burton adds, “There are a few consistencies between companies that will come out of the downturn in decent shape. Many successful companies, Intel is a good example, take a long-term view of pricing. They know once prices go down, they don’t come up when times get better. Also, companies that compete hard with products designed for the low-end and then go up market will weather the downturn better than companies that only offer products at the high-end, but discount. Nokia is an example of a company that is playing this strategy well right now.”

For more information on pricing in a market downturn, Holden Advisors offers the following:

1. Please request a copy of Holden's newsletter with current thinking on pricing in a slow economy at <http://www.holdenadvisors.com>
2. Contact Reed Holden through his blog:
<http://www.reedholden.wordpress.com>.
3. Read Mark Burton's latest blog about Intel at:
<http://markrburton.wordpress.com>.

About Pricing with Confidence

The book, *Pricing with Confidence: Ten Ways to Stop Leaving Money on the Table* is published by Wiley & Sons, describes easy-to-understand steps companies can take to design and implement pricing approaches that are profitable, even in challenging times. For more information on what pricing strategies your company can adopt when markets change, to learn more about the book, order a copy, or to view upcoming seminars see: www.pricingwithconfidencebook.com.

About Holden Advisors

Reed Holden and Mark Burton are co-founders of Holden Advisors www.holdenadvisors.com, a pricing consultancy and training firm that specializes in working across product, marketing, pricing, and sales functions to improve pricing performance.