



Pricing in a pandemic

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Pricing challenges posed by a pandemic

By Paul Nolan

Under normal circumstances, you may have been able to set a competitive but fair price for your company's goods or services and stick with it.

These are anything but normal circumstances.

In a [blog post](#) about pricing in the pandemic for marketing research firm Forrester SiriusDecisions, Lisa Singer says companies trying to rebound from the disruption of the COVID-19 pandemic must look for opportunities to offer low-cost or free offerings. "You won't often hear me suggest an increase in free offerings, but these are unique times," she states.

It ties in with her pricing advice for a pandemic—focus on current customers and strengthen that community. Forrester SiriusDecisions research has shown that previous experience with a company is by far the biggest driver for purchasing one offering over another.

"The trust your organization has with your customers is equity that should be nurtured now more than ever before. Ensure your pricing rewards your loyal

customers. Offering discounts for their support through advocacy or references shows your appreciation and can help you build a stronger community."

Financial technology company Square Inc. took a page from that playbook when it waived its standard 2.6% + 10 cents processing fee per transaction for its users in March and April. As Square co-founder Jim McKelvey explained to *The Wall Street Journal*, "We have a lot of tools that a lot of people need. And a lot of people didn't know they needed those tools. So we said, 'Here, they're all free. And here, take more, and we're building new things for you.' Yeah, it's probably going to benefit the company, but we want our customers to stay in business, so we're going to give them everything we possibly can."

(It should be noted that Square has not been consistently customer-friendly through the pandemic. A few weeks after WSJ published the Q&A with McKelvey, it reported that payment companies, including Square, PayPal and Worldpay, are making some small businesses, which

are already cash-strapped, wait additional days or weeks to access funds deposited in their accounts. They say the move is necessary to protect themselves against possible losses when people who have bought airline tickets, vacation packages and other goods and services seek refunds.)

Add value instead of cutting costs

It's hard to hold steady on pricing when there is not a lot of buying occurring and you need to hold on to as many customers as possible just to keep your doors open. Robert Fisher, a business professor and chair of the University of Alberta's business school, says the normal rules don't apply, but companies should avoid slashing prices. However, that doesn't preclude changing your pricing structure. For example, if your clients pay an annual fee for your service, you may consider offering monthly payments instead. A smaller per-month fee could appeal to customers with tighter monthly budgets.

In a [blog post for FBC](#), a Canadian tax consultant for small businesses and farms, Fisher advises companies to look for ways to add value rather than cut prices. Rather than slash prices, many companies are first trying to add value to existing pricing structures, he says.

Does it ever make sense to cut prices? In the same blog post, Abhirup Chakrabarti, an associate professor and Distinguished Faculty Fellow of Strategy at Queen's University's Smith School of Business, says price reductions make sense when inventory isn't moving. If you're sitting on products that aren't selling, consider bundling or heavily discounting those items to generate some much-needed cash. It's also important to know your customer. If you think discounting products could help your financially struggling clientele, then reducing prices could build goodwill and keep those customers coming back when things return to normal.

Good data leads to good pricing decisions

"Data is the best antidote against fear and panic. It provides guardrails, guidance, and insights that lead to better decision-making and, in the case of pricing, preserving margins," states Louis Columbus, who writes about technology and social innovations impacting businesses.

"The more integrated accounting, finance, production, sales and service data, the better the pipeline, backlog, order, margin and revenue decisions every business will be able to make," [he writes for Forbes.com](#). "The more effective the commercial analytics, deal intelligence and deal price guarantee applications, the more they're able to choose the best possible pricing strategy during chaotic times.

"Knowing in real-time how supplier costs, delays and unforeseen events impact revenue is a must-have now," Columbus continues. "Real-time data integration and the speed it delivers is a must-have feature of any pricing system to take on and overcome the many challenges this pandemic has created. Having an intelligent pricing strategy that can quickly interpret, recommend

and act on pricing and margin insights will save more companies in this pandemic than the severest price cuts ever will."

Run, don't walk, away from engaging in price wars with competitors, Columbus says. "If you're quoting to a customer who wants to drive your price to the floor or lower, would you take their business in better times? No. Let them go to competitors who are willing to sacrifice margin."

After speaking with almost a dozen U.S.-based manufacturers in late March, Columbus says he learned that cross-sell, upsell, renewals, win back and new customers are the five most proven selling strategies during the pandemic.

4 smart steps

Although the shock to sales is widespread, companies are wrestling with different challenges. There is no single approach that serves B2B sales and marketing teams across the board. In a report about navigating the COVID-19 crisis, [McKinsey & Company](#) offers these important things to get right:

1. Take a through-cycle view of customer relationships.

Reinforce trust by tracking key customers' evolving needs and standing by and defending them during their toughest times. Help the sales team tailor offerings and contracts to new situations and strengthen value-proposition

communication. Providing incentives for loyalty can also strengthen relationships while decreasing incentives to switch to a competitor.

2. Strengthen value-focused messaging.

The most effective suppliers will show empathy and be able to explain how much value they provide compared to the next-best alternatives. The sales force may need updated training in negotiation, value selling and pricing. If demand is slack and in-person sales calls are not feasible, this may be a good time to reinvest in skill building. Many companies are finding that focused sales training, such as in handling objections and communicating value propositions, can be delivered effectively on a video-conferencing platform.

3. Create "flex" in pricing.

Rather than lock in long-term, highly discounted arrangements that might impact the business in the recovery, outperformers will explore ways to unbundle offerings, offer one-time promotions, flexible payment terms, credit for future purchases or other techniques that align the offer or pricing architecture to near-term needs while providing flexibility for the future.

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Upsell,
cross-sell,
renewals, win back
and new customers
are the five most proven
selling strategies.



4. Establish a commercial “value council.” A cross-functional team or war room can take a long-term view to avoid panic reactions and develop clear guidelines and objectives for the commercial team. The council can steward large and strategic deals and oversee execution, speeding deal review for impacted segments and maintaining discipline. By regularly interacting with sales teams across the business, this cross-functional team can gather up-to-the-minute details about changes in the marketplace — critical information in the fog of the crisis.

Content check

Lisa Singer of Forrester SiriusDecisions implores businesses to create strong content to support pricing. Sales reps will be challenged more than ever in the new environment. Help them by making your value story clear. If you don’t have a strong batch of case studies in a polished, presentable form, now is the time to put that together. Sample business cases can help prospects sell your offer internally, allowing buyers and sellers to connect the offering to both hard and soft economic benefits, and pave the way for an easier sale.

In his WSJ interview, Square’s McKelvey said businesses that already are at risk of being commoditized need to be doubly aware of being too quick to raise or cut prices. “I’m super dependent on my cable company right now. They could triple their price. They could also give it to me free. They’re doing neither because if they’re too rough with me, I’ll switch.

“The flipside is companies that have loyal customers,” he adds. “This is a golden time to be as generous as you can because people are in need. And the best way to make a friend for life is to be there in a time of crisis.” **smm**

Is COVID-19 messaging fatigue real?

Melissa Sargeant is chief marketing officer at Litmus, a marketing company that helps businesses create emails that convert.

Q: It’s been about three months since the start of the pandemic. How have you seen marketers shift messaging in that time?

At the beginning of the pandemic, marketers didn’t want to push sales because of the sensitivity of the time, both socially and economically. Companies were — and still are — actively looking for ways to help ease burdens on their customers.

Now that the virus has been around for about four months, I think we’re on to phase two, which I’d call authenticity. Marketers should be creating authentic messages for their audiences that resonate with the brand and get right to the point. As for phase three, it’s extremely hard to forecast because things are changing so rapidly. If I had to guess, I’d venture to say personalization. The companies that are successful will be the companies that get personalization right. And, once they do this, they will need to gain meaningful insights from their programs and leverage that to drive greater personalization and overall effectiveness of their programs.

Q: You’ve used the term “COVID-19 message fatigue.” Can you explain the term? Do you have any data to reinforce your findings?

People have been inundated by nearly every brand they’ve ever interacted with, with messages of how the brand is acknowledging the pandemic and what its plans are for continuing or halting service. When those messages continue to pour in, people may gloss over anything related to coronavirus because they’ve seen so much of it out there.



MELISSA SARGEANT

Q: How can marketers combat “COVID-19 message fatigue”?

Marketers first need to analyze how much of their messaging really needs to center around the coronavirus. At this point, because we’re in a “new normal” it goes without saying that coronavirus is happening and impacting people again and again. Marketers should collaborate with their teams to ensure messaging for email and other channels hits the right cadence, depending on the industry they’re in. For example, retail marketers have to keep sending information out related to COVID-19 because there’s logistical information they need to share like business hours or personal protective equipment requirements. Ultimately all messages sent should be truly helpful information that’s authentic to the brand.

Q: How important is email for brands right now?

Email is vital for marketers to stay in touch with customers and subscribers, a meaningful way to deliver personalization and create one-on-one connections. After all, people have opted into their messaging and those that tailor and personalize those messages in an authentic way are best positioned to deliver on this.

Q: As the national landscape continues to change, what would you encourage marketers to implement in their workflows to ensure they’re delivering the right message at the right time?

An email marketer’s job isn’t done once they press send. They need to understand what happened after the email was opened, because there’s so much more to email than clicks, opens and subscriber rates. For example, was it forwarded? To whom? What did they do with it? By garnering these insights, email marketers create a continuous cycle of improvement and make their email program more effective over time.

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COVID-19 accelerates expected B2B sales trends

The way companies buy and sell from each other looks very different than it did even six months ago. McKinsey & Company created its [B2B Decision Maker Pulse](#), a survey of 3,600 B2B decision makers in 11 countries and 12 sectors across 14 spend categories. The objective is to identify how decision makers continue to learn and pivot their operations in the age of COVID-19. The report from late May highlights three seemingly obvious but key trends:

An accelerated migration to digital

It may seem obvious, but the pace of the transformation to digital is astounding. Two-thirds of survey respondents stated that digital interactions are more important to their customers than traditional ones — a doubling of significance compared to pre-COVID-19 period.

Companies that provide their customers with outstanding digital experiences are twice as likely to be chosen as primary suppliers (as compared to suppliers providing poor experiences). Further, digital self-service tools are increasingly attractive to B2B customers, with live chat the highest-rated channel for researching suppliers and mobile app ordering up by 250% pre-COVID.



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A pivot to remote selling

In the wake of COVID-19, 96% of B2B companies have shifted their sales model either partially or fully to remote selling. It may be here to stay: fully 65% of company decision-makers say the remote model is equally effective or even more effective than what they were doing before the pandemic hit.



The next normal sales model

Signals from the survey indicate that B2B sales operations are at a digital inflection point. The pandemic has accelerated previous trends — omnichannel selling, inside sales, tech-enabled selling, and e-commerce. A whopping 79% of B2B companies said they are very likely or somewhat likely to sustain these shifts for 12-plus months post-COVID.

Additional key findings

Budgets in flux: More than half of respondents said they will be reducing spend both in the next two weeks and over the long-term. Nearly 60% of U.S. B2B companies and 71% of UK respondents have already trimmed their budgets.

Meanwhile, 22% of companies said they intend to increase their spending in the next two weeks and in the longer-term, potentially strengthening their position for an eventual recovery. McKinsey research from the 2007-2008 recession shows that companies that spend carefully and strategically into a downturn grow faster once economies rebound.

Industries most likely to reduce spending are the global energy and materials sector and the travel, transportation and logistics industries. Most likely to increase are pharma and medical products and technology, media and telecoms. **smm**



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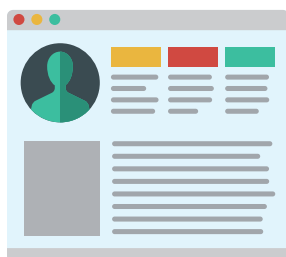
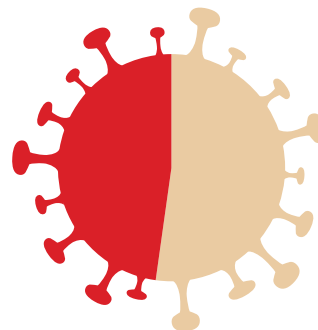
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Pandemic selling by the numbers

Almost half of small and medium-sized business owners **(48%)** have experienced a severe decline in demand or have stopped operations altogether in response to the COVID-19 pandemic, while **56%** have pivoted to a new business model to survive.

These statistics are from a [survey of more than 1,200 business owners](#) about how the pandemic is affecting entrepreneurial behavior and performance. The survey was conducted in April by global creative platform 99designs in partnership with research firm Corus. Other findings:



Web work

66% of businesses that were not online before the outbreak are in the process of creating a website.

More than a quarter of businesses **(27%)** are looking at refreshing their existing website as a result of COVID-19.

B2C having a tougher time of it



A higher proportion of B2C companies can't operate at all —

22% compared to **14%** of B2B brands

Adding ecommerce

36% of companies had initiated ecommerce capabilities to an existing website before the outbreak.



25% **added** ecommerce capabilities to their website in response to COVID-19

21% of SMBs are **considering** adding ecommerce as a result of the pandemic.

17% report **delaying** plans to add ecommerce as a result of the outbreak.



Pivoting in the pandemic

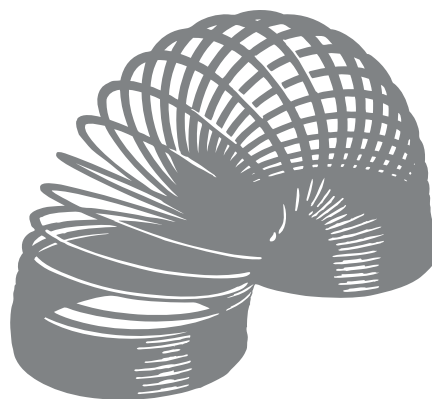
Over half of entrepreneurs **(56%)** have pivoted their existing business model as a direct result of COVID-19.

A similar amount **(54%)** of those surveyed are also planning on starting a new business or side hustle during the COVID-19 outbreak, mostly because:

they need the income **64%**

they have more time **41%**

they always wanted to **37%**



What will get them through

Flexibility was cited by **36%** of respondents as the characteristic that is most important for getting them through the downturn, while **28%** said **creativity** and **25%** said **resilience**.

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Managers in the recovery can focus on change

BY TIM HOULIHAN

Our behaviors and decisions change regularly to a very large degree because of context. With the quarantine, and now the recovery, the context that the entire world is experiencing is different from what it used to be. We're exempting monastic monks and those who live off the grid. But that's not you, nor is it your customers.

Sales managers are in a unique position to create a clean slate during the recovery because nearly everyone is. This is the time to bring your long-held desires to the surface, to rewrite the book on how your reps are rewarded, deciding on the metrics that really matter, the types of clients you're willing to accept and, on a broader note, the business you want to be in.

Using this cataclysmic fresh start, as Wendy Wood, PhD, from the University of California San Diego put it in a recent conversation, we can move forward with less guilt and status quo getting in the way. We can queue up new processes and new metrics with less pushback and take the business in new directions. "Now is the time to begin something new," she told me.

Change the context

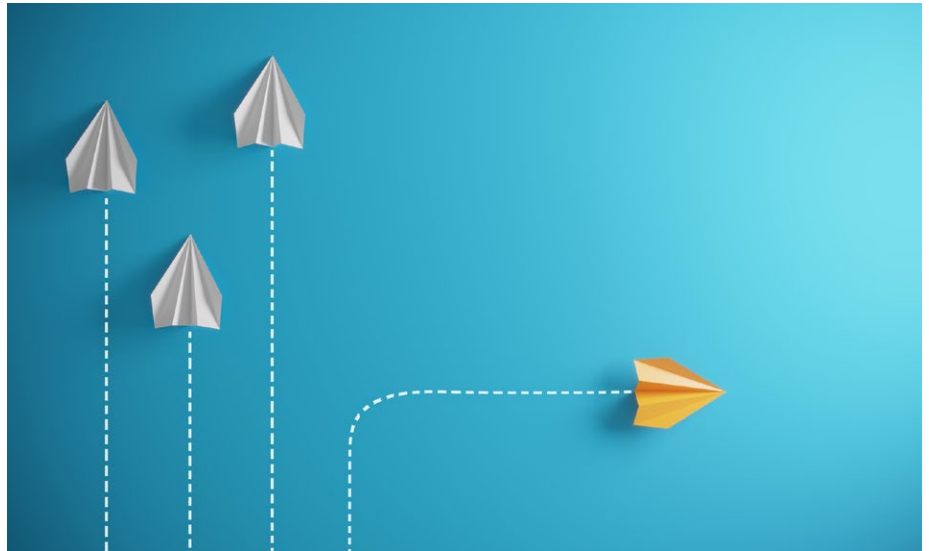
The best way to drive new behaviors is to change the context. The work environment is one thing, but that is already changed since most employees are still working from home. More importantly, think about the context (a.k.a. environment, situation) that you as the sales leader are creating for your reps.

- Create the environment you want your reps to work in.
- Create the dialogue that you want your reps to use as they talk to customers.
- Create the goals that best fit the situation that you're all in.
- Create the leadership role that you want them to follow.

What you are doing now is creating a context that is delivering the results you're currently getting. If you want to change the results, you'll need to change the context.

New ideas

It's easy to be stuck on the regular metrics: sales volume, gross margin or profit, number of pounds/boxes/crates of specific products. But with a fresh start at hand, you can create a new landscape.



Here are a few ideas for changing the environment that could lead to improved results.

- **Change your metrics** – Not everything needs to be about sales volume. Remember “what you measure gets done” as a meme? Try measuring new things and offer rewards (as incentives) for processes and learning.
- **Change your reward systems** – Tired of the results your sales contests are producing? Move away from cash to non-cash rewards. Get a feel for the emotional power delivered by non-monetary rewards. Just don't flip a switch...plan your transition thoughtfully.
- **Change your clients** – Chart a course to new clients – don't make a wholesale dump – and focus on businesses and client contacts that you want to do business with.
- **Change your cadence** – Who says that a monthly measurement period is best? Are there timelines that better fit the business you're moving into? Would six weeks work better than four? Would biweekly be better given the velocity at which you're moving product and processing orders now?
- **Change your goal setting** – Nobody really likes top-down goals, so why not ask for participation from your reps? Ask them to help you decide what their goals should be. If both of you participate in a dialogue based on the facts, it's likely your reps will commit to results that are far superior to where they are now. **smm**

Tim Houlihan is chief behavioral strategist at [Behavior Alchemy, LLC](#), blending applied behavioral science with experience and knowledge. He is also the co-founder of the podcast Behavioral Grooves.



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4 tips for more engaging remote sales presentations

BY TIM RIESTERER

Sales reps who were selling in person a few months ago are now steeped in a very different (virtual) reality. But how do salespeople feel about remote sales calls versus in-person presentations?

Not good. According to our recent industry survey of over 550 B2B sales reps, nearly 70% of salespeople don't believe that remote selling is as effective as pitching in-person. Sales reps said that participants tend to multitask, there's little interaction, and it's more difficult to build relationships when meetings aren't face-to-face.

Remote selling challenges

Why don't the vast majority of salespeople think remote selling is as effective as in-person? One big reason, they told us, is multitasking.

Nearly nine out of 10 survey respondents (88%) believe their prospects and customers are likely to multitask during remote sales calls. In fact, 83% admitted to checking their own email (among other things) during other people's meetings.

The reality is that you're trying to sell to an invisible audience who are doing a lot of other things while they're listening to your pitch. You don't have the luxury of looking your audience in the eye and pulling them back in when you sense their attention is starting to wander.

Visuals play an important role, but don't forget that the purpose of your presentation is to deliver a message that your buyers will remember—and ultimately act on—after the call. To make it happen, you need to apply messaging and design principles from brain science.

If your goal is to drive consensus around a specific buying decision, you need to make sure your audience doesn't just remember something—they need to remember *the right thing*. That's where these four principles, all backed by brain science, can make all the difference.

1. Control your message

Your 10% Message is the single, core message that you want your buyers to remember. To be effective, it must be:



- **Focused** – One core message with no more than three to four supporting points
- **Rewarding** – Linked to something that your audience finds rewarding
- **Repeatable** – Easy to repeat so it comes to mind easily
- **Actionable** – Phrased as an action that you want your viewer to take

Keep your 10% Message simple and clear. If you ask your audience to remember too much, they may get the gist of what you're talking about, but the memory won't be precise enough to recall your message later on.

2. Focus their attention

In a remote selling situation, your audience has all the enticing distractions of home and the internet right at their fingertips. To effectively plant your 10%

Message among all of those distractions, you need to overcome your buyers' stimulation threshold with dynamic visuals and interactive elements, including the use of color, size, animation and annotation.

3. Prime their brain

Identify the key moments where you want to attract more attention and, right before those moments, intensify the stimulus with a powerful "priming" slide.

Research shows that using intense visual stimulus in this way spikes people's attention and engagement in those moments. Not only that, they stay engaged for the next 30 to 60 seconds. So right before you share important information, use a priming slide to recapture your buyers' focus and prime their brains to pay attention to what comes next.

4. Engage for impact

The last thing most salespeople want in their presentations is unnecessary friction. But adding friction can actually be a good thing. A research study conducted by Corporate Visions found that asking your buyer to draw a simple visual story and write down specific notes during your presentation can improve engagement, differentiation and recall. Plus, it can make your story more convincing.

Using interactive visuals improves how quickly people process your most important message and helps embed it into your audience's mind. They become more personally invested in the story. And they will be able to pass that story along to others in their organization long after the presentation. **SMM**

Tim Riesterer is chief strategy and research officer at Corporate Visions.



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