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CONTENTS

Pandemic Price Response

For some organizations, the COVID-19 pandemic has created a crisis, while for others, it has created market opportunities. For all, it has forced quick and difficult pricing decisions. Price gouging, price promotions and discounts, and dramatic price increases and decreases have all occurred within the first months of COVID-19 reaching the European and American continents. Which tactic to execute, if any, can be revealed through thoughtfulness and analysis. Tim J. Smith, PhD is the founder and CEO of Wiglaf Pricing, adjunct professor at DePaul University, and Academic Advisor for the CPP designation. He can be reached at tsmith@wiglafpricing.com.

by Tim J. Smith, Ph.D.

For some, the COVID-19 pandemic presents business opportunities. For most, it creates a crisis. What should executives do with pricing during this time?

Observation reveals a variety of price response options. Price gouging, price promotions and discounts, and dramatic price increases and decreases have all occurred within the first months of COVID-19 reaching the European and American continents. Which tactic to execute, if any, can be revealed through thoughtfulness and analysis.

Price Gouging

Price gouging is a morally challenging but common response to a crisis that dramatically increases demand on offerings in short supply.

It is occurring in consumer goods:

- On Amazon.com, the average price of a 12 oz. two-pack of Purell shifted from a normal price near $9.95 to an abnormal listing for $99.95.
- At Metro Drugs, a Manhattan pharmacy, 20 face masks were priced at $200 when they would usually have sold for near $40.
- In Chicago, four rolls of toilet paper were reported to be priced at $12.99, more than double the usual price.

And it is occurring in industrial transactions as well:

- Allegations of price gouging have been raised with pharmacy benefits managers.
- 3M has filled suit regarding price gouging on N95 masks in New York and New Jersey.
- New York saw portable X-ray machines, which usually sold for under $80,000, priced at $248,841.

Laws commonly prohibit price gouging on specific items after a weather-related natural disaster, but few laws have been written regarding price gouging during a pandemic. Legislatures are promising change and taking action, but that will largely impact the future, not the present.

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Price gouging is a short-term, profit-grabbing decision. In effect, the price gouger is telling the customer "If you don't buy it, I can sell it elsewhere, so I don't care if you object. I can make money for myself at someone else's expense." Such a statement is not congruent with developing long-term relationships, but the people doing the price gouging are not seeking relationship continuity.

In financial markets it is said that, in every stock trade, for every winner there is a loser. If the seller views their business like stock trading, they won't mind "winning" at another's expense.

Often, price gougers are relatively unheard-of members within a lengthy and broad distribution channel. They are individuals that become infamous only when their selfish acts come to light. We experienced this with pharma-bro Martin Shkreli, who gladly accepted vilification and social isolation in exchange for short-term profits.

Because manufacturers and platforms seek long-term relationships with their patrons, they generally try to prohibit price gouging. Policies and contracts are used to discourage price gouging. However, distributors and individuals are in arms-length relationships with manufacturers and platforms, and as such, the ability of manufacturers and platforms to drive compliance is limited and may not be timely.

Should executives price gouge? Not if they seek to continue business with their customers after the crisis is mitigated. Not if the law prohibits it. Not if they care what people think of them. But a small minority will do it.

Price Promotions and Discounts

Price promotions and discounts are profit challenging but common responses to a decrease in demand for offerings in strong supply.

They are occurring in multiple sectors:

- Edmunds reports car loans are being extended to 84 months - that's 7 years - in response to lower new car purchasing demand (and with the benefit of currently low interest rates).
- Airlines, from British Airways to United Airlines, have plummeted prices for air travel.
- GrubHub deferred delivery fees for independent restaurants. DoorDash followed suit with a 50% reduction in commissions for local restaurants.
- BP is offering a $0.50 discount on fuel purchases to first responders and health care workers.
- Restaurants, scooter companies, rental cars providers, and many others are heavily discounting their offers (if not making them free) to a variety of sectors heavily impacted by this pandemic.

Promotions and short-term discounting are proven to be highly effective for short-term market share gains yet highly ineffective for generating overall

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category demand.

First, consider an industry where demand has sharply decreased, such as automobile purchases or air travel. In these industries, price is not the key issue depressing demand. Rather, new social distancing guidelines make shopping for cars at a dealership or sitting in airports and on airplanes inappropriate for all but the direst of situations. Moreover, cars and air travel are derived demand, not primary demand. The demand for these and many other offerings is derived from the demand to engage with others in person. Currently, the demand for engaging with others in person is very low, thus the demand for offerings that enable that engagement is also low.

Since categorical demand is low for these offerings, and since price promotions and discounts are ineffective at driving categorical demand, and since price promotions and discounts come at the cost of lower price capture, price promotions and discounts are not a recommended solution for most executives to drive profitable sales. Moreover, these facts recommend against continuing any current or soon-to-be price promotions and discounts in the market.

Second, consider an industry that benefits from being perceived as socially responsible. These industries have been targeting price promotions and discounts specifically at those sectors most impacted. The impacts they are considering include both new demands or importance on labor, increased risk in the working environment, or new financial challenges related to income decreases.

Those with new demands on their labor or increased health risks in their working environment are being positioned as heroes. These individuals do not only include our first responders and hospital workers. They also include grocery workers, truckers, and delivery personnel meeting our new logistics demands. More sectors could be considered as heroic as well. Promotions targeting these sectors can enable some producers to connect their brand with the positive, proactive concept of being a hero.

Those financially challenged by the pandemic represent a significant portion of society. 14 million Americans work in restaurants, most of which have suffered from lost or reduced income. Millions more workers in retail are being furloughed. On top of these sectors, we have hundreds of thousands of factory workers who have suddenly been unable to go to work. And we cannot forget our friendly hairdressers, barbers, cosmeticians, and all hospitality workers who are at a social distance as well. The list of sectors facing financial challenges is long and growing. Offering price promotions to these sectors enables producers to align their brand with "being local" and supporting the local community.

In these second cases, the positive brand association associated with the price promotion is being used by some executives to generate goodwill and positive brand allegiance.

Should executives utilize price promotions and discounts? These considerations indicate that they will not be useful in recovering lost demand resulting from the pandemic but that they can be useful for brand positioning and creating positive mental connections.

Dramatic Price Increases & Decreases

Large price swings, unrelated to price gouging, have occurred related to large shifts in demand.

This is occurring in multiple sectors:

- The Urner Barry wholesale benchmark price for a dozen of conventional California eggs rose from $1.55 on 2 March 2020 to $3.66 by 27 March 2020. Home cooking has increased the demand for eggs.
- Average U.S. gas (auto fuel) prices have dropped $0.44 per gallon over the same time last year to $2.15 as of March 2020. Forecasters anticipate prices will drop below $1.25 per gallon in May. A Russia-OPEC price war and reduced demand for fuel are depressing prices.
- Class III milk contracts have dropped from above $20 in December 2020 to below $13 in March 2020 as demand for cheese used heavily by restaurants has collapsed. Some dairies report dumping their milk. Meanwhile, many are reporting higher dairy prices at the grocer. A similar story is found with bacon and hog farmers.

These price swings, both upwards and downwards, reflect the dramatic shift in purchasing patterns across society. As society shelters-in-place and practices social distancing, past consumer channels of restaurants and retailers are being replaced with grocers and online shopping. This dramatic shift in purchasing channels strains lean production and logistics operations of modern industry and demonstrates the value of having slack in the channel. It will take time for production, packaging, and logistics to fully accommodate these shifts. In the meantime, the prices of commodities and end-products derived from them may wildly swing and not necessarily in the same direction.

Should executives implement a dramatic price change? They should if their industry is impacted like those mentioned examples above, which demonstrate their necessity.

Proper Pandemic Price Response

So, which is the proper price response to our current pandemic: price gouging, promotions and discounts, or accelerated price changes? Each occurs and can sometimes be appropriate. To determine the right response for your company, you need to think before acting.

The impetus for taking a price action varies. The outcomes are broadly predictable depending on the situation. Consider the expected outcome and the desirability of that outcome. Conduct the analysis. Then, if any action is appropriate, take it swiftly. ❖

New Propositions and Pricing in the 'Six-Feet' Economy

by Onno Oldeman, Jos Eeland and Hong-May Cheng

The impact of COVID-19 and the measurements that governments have taken to curb the spread of the coronavirus are dramatically disrupting our society and economy. The critical challenge for companies affected by this new "six-feet economy" will be to what extent they are able to renovate their value propositions and pass on cost increases to customers, as the authors explain. Onno Oldeman is Executive Vice President and Managing Partner, Jos Eeland is Partner and Hong-May Cheng is Partner at Simon-Kucher & Partners in Amsterdam, The Netherlands. The authors can be reached via www.Simon-Kucher.com.

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The impact of COVID-19 and the measurements that governments have taken to curb the spread of the coronavirus are dramatically disrupting our society and economy. Although approaches differ across countries, physical distancing is at the core of the measures and is expected to last until large-scale vaccination or a revolutionary treatment is in place. Experts predict that this development and full-scale production might still take up to two years.

Physical space as a key safety, cost, AND value driver

The six-feet economy, named after the distance between two persons that should be applied to prevent infection, will be the new normal for a longer period. For many industries, this will increase costs and lower capacity to deliver goods and services. The critical challenge for affected companies will be to what extent they are able to renovate their value propositions and pass on cost increases to customers.

This requires a clear company strategy and mind-set shift. Aside from being a new cost driver, the six-feet economy also introduces new value drivers and potential sources of innovation.

For many industries, physical space will be a new cost driver

In the modern society's service economy, a vast majority of sectors will experience reduced capacity: from airlines, shops, and restaurants, to theaters, cinemas, hairdressers, and gyms. In today's airplanes, it is hard enough to refrain from bumping knees with the person in the next seat, let alone staying six feet away from other passengers. The obvious solution to adhere to the physical distancing restrictions is to reduce airplane seating capacity. Cinemas in the Netherlands have been proactive in sharing their reduced seating plan in the hope of getting the green light to reopen. Gyms have proposed plans to reopen based on reduced capacity with fixed schedules.

Realistically, we can expect a drop in offered capacity of up to 70% across the board, which largely depends on the industry and the specific company characteristics. We could additionally expect that demand will resettle slowly, as consumers will initially shy away from social movement. In addition to these capacity restrictions, investments are required to meet new hygiene standards.

What does that mean for the bottom line of these companies? Most of the affected have fixed costs of around 80% of revenue. If volumes drop by 30%, these companies need to compensate the profit loss with a price increase of 30-40%. If the relative fixed costs are lower, the required price increase will be less.

It is clear that there is a burning platform for companies to prevent this enormous profit drop. Clearly simple cost-cutting measures are not enough and were already largely exhausted at the start of this crisis. International Air Transport Association (IATA) director general Alexandre de Juniac warned of the likelihood of higher airfares due to the empty middle seat requirement. That is a very careful phrasing of a pure necessity.

Likewise, physical space and proximity will be a value driver for many consumers

Over the past years, consumers have been educated to be volume and discount driven. The overall consumer sentiment has been to consistently buy more and at even better prices. Hard discounters, fast

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fashion companies, and web shops with "made in China" products have conquered a growing part of the consumers' spend.

While we have seen that physical distancing leads to capacity constraints for companies, the flip side of the coin from a customer perspective is scarcity. In search for safety, customers will accept and understand that we cannot all be together at the same time for the same (lowest) price. In times of scarcity, quality prevails above quantity, and people will become more selective. For example, in retail, stores are currently experiencing that traffic to their shops has obviously decreased. Remarkably, the conversion in-store has increased. Fun shopping becomes destination shopping.

Online grocery shopping is now in high demand due to changed consumer value perception on safety. The new Dutch online grocery store, Picnic, experienced a tremendous boost due to the capacity constraints of the traditional retail players such as Albert Heijn and Jumbo. Consumers from all segments are "fast track" educated to order online, severely accelerating the digitalization of retail.

Physical distancing also means that consumers are less willing to move around, making proximity a key value driver. Many of us will (re)discover great local leisure possibilities. Moreover, families will be much more together than before and, if they were not already, become the most important target group.

In a restricted society, people get less exposure to (physical) marketing and inspiration from early adopters of trends. The speed in which societal trends develop, from fashion to drinking and eating habits, will slow down. Giorgio Armani expects slow fashion to kick in: "We will have to certainly re-evaluate the overall value chain of our business model." Consumers are more likely to respond to affirmative messages, and loyalty toward their usual shops and brands is higher.

These changing consumer behaviors and value perceptions require a mindset shift and strategic reconsideration for companies: Are we only doing what is necessary to implement the six-feet economy precautions, or do we do more to stand out from the competition and launch new innovations to meet changing customer demands?

Proposition and pricing must be adapted

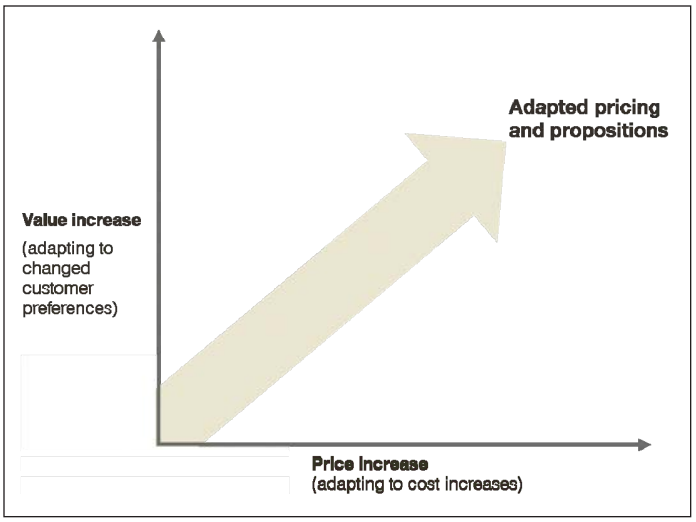
As physical space becomes a new key cost driver (but likewise, a key value driver for customers), affected companies will have to think about opportunities to offset the profit pressure through better propositions and pricing. Space, safety, quality, proximity, family time, and affirmation are the value drivers on the rise. Companies who are more explicitly able to offer these value drivers will therefore gain a competitive position compared to companies who are less successful in doing so.

Do these new value drivers also go hand-in-hand with a higher willingness to pay? There is clearly a signaling role for companies to educate in that regard, to prevent the customer perception that these new costs and values are realized for "free." Capacity decreases and scarcity are explicitly known to customers. The logical effect would be that prices go up. How actionable price increases are in the six-feet economy and what mechanism works best depends on the extent to which digital alternatives are in place and whether a new proposition and price increase is perceived as fair. See Figure 1.

Consumers are more likely to respond to affirmative messages, and loyalty toward their usual shops and brands is higher.

Airlines have been extremely hard-hit by the current lockdowns and there is no reason to envy them at the moment. Yet, the advantage they have when travel slowly picks up again is that their customers are already used to dynamic pricing. When booking a ticket, we know that we pay a price that is based on the amount of seats left in the airplane and the actual timing of the purchase. The belief that flying becomes a luxury business with higher prices due to less available seats is already widespread.

Figure 1



Instead of raising prices, companies can also renovate their proposition. In the face of uncertainty, the Seattle restaurant Canlis thought strategically and adjusted to the new environment and its demands. The restaurant transformed into three pop-up restaurants: a drive-through burger joint, a bagel shop, and a "family meal" delivery service.

Entertainment and leisure industries such as hotels, theaters, cinemas, and gyms are thinking about innovating their model in the same direction. Obviously, prices will need to go up, but combined with an explicitly enhanced value proposition. For services with physical contact to customers, such as hair salons, there is a clear need to take all preventive measures possible. People will need to continue to make use of these services, although it is seen as a risk. Innovating the proposition in a defensible way is rather difficult, and the same goes for digitalization. A moderate increase in price or a defendable surcharge would be possible here.

Just like groceries, slower-moving consumer products such as fashion and home furniture are directed to online channels. Nevertheless, there is an everlasting value in the service delivered in store, such as advice, touching, and trying the actual product. Here the proposition needs to be innovated to defensibly increase prices. Fashion companies are already offering time slots for private shopping with full-time personal attention. Of course, it is possible to put a price tag on this, yet

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it is probably the high conversion and the larger number of items purchased that will make up the numbers. Restaurants would also fit into this category. Many restaurants have taken short-term measures to deliver food at home, and of course that is the right move. But once they (are allowed to) open up their facilities, they could create a more intimate setting or even move toward private dining.

Above all, the six-feet economy requires value thinking instead of (only) cost thinking

The impact of the six-feet economy will be mid- to long-term for many industries and companies. It is essential for companies to not only consider this as source of cost increases, but also to take the customer perspective into account. To what extent does the six-feet economy allow for new value, propositions, competitive edge, and willingness to pay?

Herein lies the key to severe volume drops and cost increases. Companies must combine value thinking with smart, customer-centric propositions, and pricing strategies. With that, companies will be able to contribute to these challenging and unprecedented times with enriched experiences – and protect margins at the same time. ❖

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Is Customer Research During Uncertain Times Reliable?

The COVID-19 pandemic is causing global economic uncertainty and pricing challenges that are changing daily. One of these challenges is the need to continue to engage with customers to answer near and long-term pricing strategy questions. But will customer research be reliable during this time? The answer is yes, according to the author, who believes that customer research during the COVID-19 crisis can still produce reliable results when carefully implemented. Greg Thomas is Vice President of Pricing Research at Pricing Solutions. He can be reached at gthomas@pricingsolutions.com.

by Greg Thomas

Given the current situation with COVID-19, businesses are facing uncertainty and have more questions than ever around the pricing of new and existing products. Typically, companies would engage in research (i.e. surveys, interviews and focus groups) with their customers to help answer some of their near and long term pricing strategy questions. See Figure 1.

However, with the COVID-19 crisis causing upheaval to business environments, many companies are questioning the accessibility and reliability of customer research and are wondering if:

- They can engage customers in pricing and value research at this time,
- Customers will participate in surveys, interviews and focus groups,
- Customer responses will be significantly influenced by the crisis, and if
- Research results will provide meaningful insights that companies can base their business strategy decisions on.

All of these concerns are valid when considering and evaluating the role of customer research during a time of crisis. Keep in mind that there have been a few times in recent history when companies have faced similar situations of high business uncertainty; the 2008 recession, SARS and 9/11. During each of these highly uncertain times businesses had similar questions and concerns. To think this through we have outlined **the possible challenges that may develop when conducting research during this time period, potential solutions to address and minimize these research challenges**, and pertinent feedback from the front-line respondent recruiters and market research panel companies who are conducting research during the COVID-19 crisis.

Challenges to Customer Research in a Time of COVID-19 Crisis

Some challenges that could potentially impact the execution and outcomes of customer research during times of uncertainty include:

- **Reductions in overall respondent response rates:** Less people may be willing to participate in research, which means that more time and effort could be required to achieve a certain customer sample target size.
- **Respondent bias:** People's behaviour may be influenced by current events and could result in an overly pessimistic outlook towards the future.

Implementing a Strategic Approach to Customer Research During Times of Crisis

Knowing that different types of pricing research achieve different goals and provide various insights, it's important to implement strategic research design and execution considerations to minimize the challenges mentioned above.

Jackie Lorch points out in her article *Research Continuity in the Time of COVID-19*, that "it is more vital than ever to keep in touch with [consumers] and not risk being left with a data 'black hole' as the world recovers." With this advice in mind, our team recommends the following **best practices**:

- **Be transparent** about how and why you're collecting data and address concerns about privacy and security.
- **Be mindful** of the respondent's time.
  - Make the communication as concise and short as possible.
  - Communicate the topic clearly so respondents can decide if they want to participate or not.
  - Target the respondents as precisely as possible so that you are

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Figure 1

introducing a relevant and interesting topic to the right person. Lorch points out that it's important to consider whether the respondent's attention is needed elsewhere (i.e. front line health care workers). If so, then it will not be beneficial to ask these respondents to participate at this point in time.

- **Set a positive tone** by using a positive and engaging voice in all communications. Softer language is a good way to accomplish the right tone. For example, Lorch suggests asking respondents to share feedback "when you're ready."
- Strongly **frame the context or mind-set** you want the respondent to take. For example, ask respondents to answer as if the crisis is over and times are normal.
- **Develop questions regarding the respondent's future expectations** for their own personal well-being and their community's well-being. The data from this question can be used to segment respondents into pessimistic and optimistic groups, then an analysis can be conducted to understand if there is a difference in responses to key questions.
    - We conducted several surveys following the 2008 recession in which we developed future expectation questions. We found no significant difference in behaviour between pessimistic and optimistic respondents relative to the new product concepts or the price levels we were testing. See this case study to learn more.

Insights into the Impact of COVID-19 on Customer Research

We partner with different global fielding and respondent panel agencies that recruit and survey consumers in both B2C and B2B spaces. We have casually polled many of these fielding market research partners, who agree that **overall response rates have not significantly changed**.

In some cases, customer rates have modestly improved as people suddenly have more free time on their hands. Some feedback even suggests that participants are eager to participate in a topic that is not COVID-19 related. While this response is certainly dependent on the consumer or customer type and business vertical, recent research from M3 Global Research on the effect of COVID-19 on healthcare market research participation suggests that "for 99.7% of respondents (n=5,665) that are willing to continue to take part, market research is a welcome distraction from the immense pressure they're under at work."

Ultimately, key business strategy questions around a new or existing product's pricing and value proposition continue to develop and need to be addressed, despite the COVID-19 crisis. We believe that **customer research during the COVID-19 crisis can still produce reliable results when carefully implemented**. With this in mind, we recommend that businesses continue to explore consumer perceptions of value and willingness-to-pay, while taking the recommendations of how to conduct customer research during a time of crisis into consideration with research design. ❖

How Restaurants Can Survive Right Now

One of the industries suffering most acutely from the current COVID-19 pandemic and resulting social distancing requirements is the restaurant industry. In this article, the author provides actionable pricing strategies that restaurants can employ now to both survive the storm and also recover afterwards. Although industry specific, this article provides insights that pricers in all sectors can utilize in these unprecedented times. Rafi Mohammed is the founder of Culture of Profit, a consultancy that helps companies develop and improve their pricing strategies, and the author of The Art of Pricing: How to Find the Hidden Profits to Grow Your Business *(Crown Business, 2005) and* The 1% Windfall: How Successful Companies Use Price to Profit and Grow *(HarperBusiness, 2010). Follow him on Twitter @cultureofprofit.*

by Rafi Mohammed

All businesses are suffering today. One industry that is especially visible and emblematic of our economic struggles is restaurants. In many states, dining rooms are closed, and restaurants that choose to remain open are allowed to provide meals via takeout or delivery only. They're making this shift as customers face deep financial uncertainty. Their customers face another dilemma: whether it's worth leaving the house (and risking possible exposure to the virus) in search of takeout food to break the monotony of our new stay-at-home reality.

To survive, restaurant owners will need to find creative solutions to survive in this new environment and adapt to customers' plight.

My advice to restaurateurs — after ensuring the safety of their food — is simple: **lower your prices now**.

To start off, let's be realistic — few restaurants will be able to maintain normal revenues during this crisis. While industry profits are notoriously thin (approximately 5%, according to this article), many of the costs are sunk (land, building, kitchen fixtures) as they are incurred whether or not a restaurant is open. The new goal for the next six months is to minimize losses by focusing on contribution margin (revenue minus variable costs such as food and labor).

There are three reasons why restaurants should lower prices.

First, most restaurants are only offering carry-out, whether by choice or based on orders from state or local authorities. Although restaurants historically charge the same prices for dine-in or takeout, takeout is a less valuable experience. While the cuisine is the same, the value of a restaurant meal stems partly from the ambiance, the attentive service, and the social experience (e.g., special occasions, seeing friends). Because the takeout experience lacks these attributes, takeout prices should be trimmed to reflect this reduced value.

Second, diners are thriftier than they were last month. With worries about their incomes and stock portfolios, many are scrutinizing optional expenditures.

Finally, lower prices can incentivize once-a-month customers to visit more frequently, and can help attract new ones.

It's fair to question whether lowering prices will unnecessarily reduce revenues from current takeout businesses. Keep in mind that carryout-only business will also suffer due to customers being more budget conscious. Discounts can resuscitate demand.

One strategy for restaurant owners to consider is creating new discounted entrees that are appropriate for this economic environment. This is critical for more expensive restaurants (serving, say, $20+ entrees). Fancy is not in vogue right now, nor are high prices. Comfort food and home cooking substitutes are what's appreciated. This is no time to stick to the tried-and-true menu.

For restaurant owners who don't feel that they can create new entrees that will be popular enough to sustain business, the alternative is to offer a 15-20% discount off of menu items. In my experience, this is the sweet spot: any discount that doesn't reach the 15% level is not a meaningful enough motivator. Anything over 20% conveys a whiff of desperation and leaves existing customers wondering, "How much profit have you been earning off of me?"

While giving diners a break makes sense, restaurant owners must be mindful that this storm will pass and they'll have to go back to normal business at some point. To avoid devaluing their business, it's important that diners understand that these discounts are temporary and pric-

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es will rise in the future. A good first step is to brand the discount in a manner that clearly conveys this message. If a restaurant offers new menu items during the crisis, make clear that they are a short-term, special offer.

In addition to branding, it's essential to create what I call "hurdles-to-devaluation." These are actions that customers must take to obtain a discount. The primary purpose of these hurdles is to psychologically reinforce to customers that these discounts are unique and are not permanent. This avoids devaluation.

Restaurants can create these hurdles in several ways. Some examples:

▪ **Bring a canned good for a food pantry**. Requiring this gesture reinforces that the current promotion is related to the crisis, enhances a restaurant's brand, and makes customers feel good about helping others. And of course, people who can't be bothered to bring a can won't get the discount.

▪ **Buy in bulk**. Setting a minimum purchase (say, four entrees) for any discount allows diners to justify the discount in their minds ("I'm getting a volume discount"). It might also boost orders.

▪ **Purchase with booze**. Many states are considering allowing restaurants to temporarily sell beer and wine to go. Tying a discount with the purchase of alcohol can help justify the discount in consumers' minds ("they earn more profit from alcohol"), and it can also provide a convenient method to phase out the discount when the crisis subsides (because take-out alcohol won't be allowed post-crisis).

▪ **Cash only**. While eliminating processing fees, this requirement reinforces that this discount is a unique occurrence.

Discounting is an important ingredient to help businesses weather this challenging economic environment. The mistake that most companies make is not having a plan to retract markdowns. (I wrote about how companies can dial back such discounts at the end of the last recession.)

To flourish when better times finally arrive, it is critical to build in hurdles-to-devaluation to ensure that customers understand why prices are being lowered today and accept that they will go back to the norm when better times return. ❖

Discounting is an important ingredient to help businesses weather this challenging economic environment. The mistake that most companies make is not having a plan to retract markdowns.