



By Richard D. Czerniawski

SHORT-TERM MENTALITY – LONG-TERM HARM

Profiteer (verb) one who makes or seeks to make an excessive or unfair profit

Tomorrow is the launch of my new book, **AVOIDING CRITICAL MARKETING ERRORS: How to Go from Dumb to Smart Marketing**. I intended this musing to be about it. However, the coronavirus intruded upon it (albeit rather benignly), as it has seriously interfered with millions of people around the world. So, I'm writing about a facet of the coronavirus. Specifically, this **Marketing Matters** addresses profiteering via price gouging and the impact of this practice on customer relations and long-term business health.

Crises bring out the best and the worst in people. As we all know, we are currently experiencing a worldwide crisis with coronavirus. According to the World Health Organization (WHO), it has reached "pandemic" proportions, which is an epidemic crossing international boundaries and affecting many people.

On the positive side, governments are finally taking actions to protect their citizens using extraordinary, but disruptive and costly, measures that are now warranted to attenuate the spread of this disease and to help to save lives. In Barcelona, where my middle daughter and her family live, the government has closed schools, restaurants, and bars, canceled large-scale events, and directed the populace to stay indoors—enforcing "social distancing." Schools across the US are beginning to close too. It's a matter of time before businesses here follow suit.

A growing number of businesses in the US are taking action to protect their employees and customers by instituting new policies such as encouraging more to work from home. Additionally, they're taking added care in cleaning their facilities with disinfectants to help make the business environment safer. Southwest Airlines, for example, announced that they are now using hospital-grade disinfectants, previously used only to clean onboard lavatories, to disinfect (to the best of their ability) the entire cabin of each aircraft, each day. Moreover, they've replaced air filters with higher grade ones to capture more impurities to improve the air quality on flights. Also, they've reminded their passengers that they can cancel, delay, and rebook flights without having to pay a penalty—a long-standing policy and, in my opinion, an advantage of flying Southwest, particularly during these uncertain times. (I'm irked when airlines exact a significant penalty from me for changing a reservation despite flying with them at an earlier/later date or time.)

These extra measures take courage from political and business leaders. The economy and financial

well-being of citizens and companies will suffer. It comes at the cost of taking extraordinary measures—those not witnessed during my 73-years on this earth. For example, my daughter's restaurant in Barcelona is closed for 2-weeks, minimum. While she is not earning income, she is nonetheless required to, and will, pay her employees. Working parents will be scrambling to care for their school-aged children, who are now out of school. Companies will close their doors, and people will lose jobs. As I'm writing this, I've learned that both Anthropologie and Nike have temporarily closed their doors, directing customers to shop their online stores. Additionally, other retailers are beginning to limit hours of opening. Extraordinary, yet these measures are needed to reduce the spread of this disease and help save lives.

Then there are those on the other end of the spectrum who will exploit the situation—the profiteers. They're the retailers and third parties who are jacking-up the price of Purell Hand Sanitizer fourfold and other essential products. (There are also those people who will sell counterfeit products that lack the efficacy of the "real" things.)

One of my pricing peeves has been the airlines and hotels that boost their prices during periods of high demand. The room one rents during those periods or the route and aircraft one takes are no different from other periods—nor is the compensation for its employees. Yet they take sizeable price hikes because customers—people like you and me—find the specific time essential. Perhaps, they are making up for those periods when demand is weak. While, as I mentioned, this is a pricing peeve of mine, the former (profiteering) borders on criminal (although it may not be illegal).

The crux of this musing is the consequences of taking a short-term perspective: capitalizing on the “here and now.” It has potential repercussions on long-term business health and viability. It's about what happens when maximizing income, now—at the expense of other people, most notably one's customers. If you're putting up a pop-up, where you are in and out of business, it might make sense to premium price for the same merchandise that can be purchased at significantly lower prices during periods of lesser demand. However, if you're planning to stay in business for a long time, then it makes more sense—not even considering the ethics of price gouging—to consider the consequences to the long-term relationship with customers and its impact on the viability of the business. The long-term viability of the company and its brands relies on creating strong relationships with customers.

Think for a moment about how you react when you feel some company is price gouging you. I know that I feel exploited. I think they are taking unfair advantage of me. They are profiting at my expense. It doesn't matter if it's pecuniary or otherwise (such as the denial of a product or service I need for my health, or celebrate a holiday together with family, etc.) As Maya Angelou shared, *I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel.* I feel used, which alienates me from wanting to do further business with them.

Yes, profiteering will alienate customers. Profiteering or, if you prefer, price gouging, might fill coffers today but will close them off to a lasting, profitable relationship.

TOMORROW'S LAUNCH DAY for my new book, **AVOIDING CRITICAL MARKETING ERRORS: How to Go from Dumb to Smart Marketing.** However, you can pre-order it today. It's already achieved #1 sales rank in Industrial (Business to Business) Marketing. Regardless of the business sector or our current level of marketing, it details how we can make our marketing, and ourselves as marketers, matter more: <http://bdn-intl.com/order-avoiding-critical-marketing-errors>

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