No positioning will work forever. As changes occur in consumers, competitors, technology, and the economy, companies must reevaluate the positioning of their major brands. Some brands that are losing share may need to be repositioned. This must be done carefully. Remaking your brand may win new customers but lose some current customers who like the brand as it is. If Volvo, for example, placed less emphasis on safety and more on slick styling, this could turn off practical-minded Volvo fans.

Price

Oscar Wilde saw a major difference between price and value: **"A cynic is a person who knows the price of everything and the value of nothing."** A businessman told me that his aim was to get a higher price for his product than was justified.

How much should you charge for your product? An old Russian proverb says: **"There are two fools in every market—one asks too little, another asks too much."**

Charging too little wins the sale but makes little profit. Furthermore, it attracts the wrong customers—those who will switch to save a dime. It also attracts competitors who will match or exceed the price cut. And it cheapens the customer's view of the product. Indeed, those who sell for less probably know what their stuff is worth.

Charging too much may lose both the sale and the customer. Peter Drucker adds another concern: **"The worship of premium prices always creates a market for a competitor."**

The standard approach to setting a price is to determine the cost and add a markup. But your cost has nothing to do with the customer's view of value. Your cost only helps you to know whether you should be making the product in the first place.

After you set the price, don't use the price to make the sale. You use the value to make the sale. As Lee Iacocca observed: **"When the product is right, you don't have to be a great marketer."** Jeff Bezos of Amazon said: **"I am not upset with someone who charges 5 percent less. I am concerned with someone who might offer a better experience."**

So how important is price? Christopher Fay of the Juran Institute said: **"In over 70 percent of businesses studied, price scored #1 or #2 as the feature with which customers are least satisfied. Yet among switchers, in no case were more than 10 percent motivated by price!"**

Globalization, hypercompetition, and the Internet are reshaping markets and businesses. All three forces act to increase downward pressure on prices. Globalization leads companies to move their production to cheaper sites and bring products into a country at prices lower than those charged by the domestic vendors. Hypercompetition amounts to more companies competing for the same customer, leading to price cuts. And the Internet allows people to more easily compare prices and move toward the lowest cost offer. The marketing challenge, then, is to find ways to maintain prices and profitability in the face of these macro trends.

The main answers seem to be better segmentation, stronger branding, and superior customer relationship management. These are discussed elsewhere in this book.