

Episode 432: Why IEW Doesn't Discount

Episode Transcript

Julie Walker: Hello, and welcome to the Arts of Language Podcast with Andrew Pudewa, founder of the Institute for Excellence in Writing or as many like to say, "IEW." My name is Julie Walker, and I'm honored to serve Andrew and IEW as the chief marketing officer. Our goal is to equip teachers and teaching parents with methods and materials, which will aid them in training their students to become confident and competent communicators and thinkers.

Julie Walker: So Andrew Pudewa, I have been working with you, for you, for 17 years.

Andrew Pudewa: Time flies when you're having fun, doesn't it, Julie?

Julie Walker: Yes. It has been fun. It has been quite a journey, but I still remember one of the very first meetings we had when I was officially on your team because we had done some work together before when I was working at Biola University.

And I was sitting in the barn in Atascadero, California, across the table from you and you said, "Julie, we have two core values." And we talked about this in episode 423, what one of the core values is, and that is IEW's 100% satisfaction guarantee. So it's appropriate today that we're going to talk about the second one.

Andrew Pudewa: Well, I know, but I've reformed myself since then because hanging out with you all these years, you and your MBA and your library full of business books and your philosophy of business, evidently what I thought were "core values" wouldn't really qualify as core values in the typical business vernacular, but they were policies I had implemented to show to the world my core values, which is honor your customers.

Julie Walker: Right. Which is a core value, which I appreciate.

Andrew Pudewa: I hope so. I'm still fuzzy. Mission, value, it's all, it's all one mishmash to me. But that's your job, to keep that straight.

Julie Walker: Yes. What I love about the guarantee, and we talked about this, and listener, go back to listen to episode 423. It's refreshingly short. Is that it's showing kind of what you just said. We value the customer. We understand that our customers have done some research. They've looked at us on the website. They read reviews, and they're feeling pretty confident that this is the right product. But what if it's not? The guarantee takes away that fear because if you bought it directly from us, We will refund 100% of your purchase price if you are ever dissatisfied and regret that you purchased the product.

Andrew Pudewa: Well, and what we've been selling for years is much more than a \$20 workbook that someone writes in, throws away if they don't like, and nothing lost. If you're spending, \$100, \$150 on a course, well, I always thought I want to treat my customers the way I would like to be treated. And if you buy something, and it's not what you hoped it was, well, then send it back and if there's a material loss, it doesn't have to be resellable. Write in

the thing. I'll take the loss. My thought was this: I don't want anyone ever to look at our stuff on a bookshelf and say, I wish I never bought that. And it served us very well. That particular policy that reflects a core value.

Julie Walker: Yes. Exactly. And the second one, of course, that you shared with me that day is we don't discount.

Andrew Pudewa: Yes. Well, I kind of got this early on, I was at a convention, it was a homeschool convention, I don't remember where, and this was really a long time ago when I was still selling cassette tapes. And I liked a particular product line, and I don't remember who publishes it. It was called *Your Story Hour*, but it was, it was along the lines of kids listening to high quality language that's engaging, that had some dramatic features, sound effects and voices and whatever. But I was looking for these really good things that would build vocabulary and build grammar and syntax and enrich. And I just started. Talking about this idea of nurturing competent communicators through reading aloud and audiobooks and memory.

So I was at a convention and I was selling *Your Story Hour* because it was a product I liked and I was selling it at the time to kind of supplement our meager offerings in the world of writing instruction at that time. And there were two other companies selling *Your Story Hour* and on day one there was a sign that said "Your Story Hour 10% discount."

It was a handwritten little sign. And I thought, well, I guess if I'm going to sell any of these, I'm going to have to match that. But I was too lazy to make a sign, or I just wasn't sure it would make that much difference. But then the next day of the convention, the other company selling these had a sign that said, "20% discount on Your Story Hour tapes.

Julie Walker: Wow.

Andrew Pudewa: Well, later that day, there was another sign said 25% discount. The one that was 10 was now 25. Well, I'm not going to do that. I, you lose more than half the potential. of selling them at all once you pay your shipping and costs and all that. So I just thought, that's dumb. These people are hurting each other.

If neither of them were discounting, people would still buy the product. It's a good product. And then they wouldn't lose the money they're losing. And they're just, they're stupid. That was my thought. Like, we're really going to go to war over this? 10%, 15%. And so I didn't put up any sign. I don't know if I sold any or not, but I thought about that a lot. I thought, well we had got the potential for a couple resellers at that time. I thought, well, if they discount our products, then I'm losing business on my retail side.

Julie Walker: Yes. Yes.

Andrew Pudewa: What does this communicate? I think it just cheapens the whole thing. That was my impression. It just cheapens. And I think right around that time, there was a car company that started this idea.

Maybe it was Saturn, I don't know.

Julie Walker: I think it was Saturn.

Andrew Pudewa: We don't haggle, it's the price, it's the same price, you're going to get the best deal, and don't worry about wheeling and dealing with the sales rep because he's not even on commission. It's just value. And whether or not I like Saturn, I thought, that's an appealing strategy to me.

Julie Walker: We owned a Saturn.

Andrew Pudewa: Did you?

Julie Walker: It's no longer in business,

Andrew Pudewa: I don't know much about the history. I doubt it was their no haggling policy because that's pretty much at every car dealer is doing now. This is the price. You can beg them, you can, ask for whatever. But they won't, they're not going to, and they put most of their people on flat salaries, rather than commission, for new cars, I think, I don't know.

Anyway, so I just thought, that's what we're going to do. We're going to have one price, and anyone who wants to sell it, is going to sell it for the same price, and that way, nobody is cutting their margin. And nobody's competing with me per se. Well, there's enough. It's a big blue ocean, big ocean.

Julie Walker: A blue ocean strategy.

Andrew Pudewa: Lots of fish out there. Lots of people.

Julie Walker: We don't need to enter into shark infested waters. That's a whole premise behind the business book, *Blue Ocean Strategy*. You mentioned something too—that I'm sorry, I have to throw a little business knowledge here. You mentioned your cohorts in the exhibit hall discounting. That's part of the economic theory of the perfect market. A perfect market sells the exact same product for the exact same price and has perfect communication, which actually doesn't. It exists more today than it ever did because the internet provides this opportunity. And so if you have a perfect market, it's what happens oftentimes at a swap meet. You can find the exact same thing several different places. At the county fair, several different places, but it's all the same price. And so you don't have to worry about missing out on the sale.

And that's what I tell our customers when they're, "Where's my discount code?" We have very few opportunities to discount our products, and I'll share what those are because then our customers don't have to be sad that they missed the sale.

Andrew Pudewa: I used to buy some supplements, which I like the product very much, but the company just got so irritating because they would do these flash sales, like "one day only

by this particular thing at 30 percent discount.” And then if you miss that day, you're just irritated. Why don't you just sell it all the time at the price that you can afford to sell it? And the customers will decide to buy it when they need it rather than “stock up now”?

I just, I don't know. I think the company is good. I think their products are good. But I think their marketing people maybe got a little too aggressive. I don't know, but it lost me. I don't hardly buy anything from them anymore. And anytime I see their stupid emails that say 25% today only.

I just delete because I don't care now to support your manipulative discounting practices.

Julie Walker: Who knows? They probably raised the price so that they could discount. It's a little suspect, right?

Andrew Pudewa: I, yeah, I don't know about that.

Julie Walker: Well, and so that

Andrew Pudewa: It's the Macy's thing. Like, the wife comes home and says, Hey, honey, I saved \$80 today. How'd you do that? Oh, I bought some clothes at Macy's. Well, if you hadn't bought any clothes, you would have actually saved way more than 80, but Presumably, you needed them.

Julie Walker: when you said the Macy's thing, I'm sure all of our listeners, all right, a few of you did, you thought of the Macy's Gimbals story where, oh, it's cheaper over at Gimble's. Go buy it

Andrew Pudewa: Oh, from *Miracle on 34th Street*?

Julie Walker: Yeah, yeah. And

Andrew Pudewa: I don't think Macy's been doing that for a while. But they increased the price just so they can slap on this huge discount. So, anyway, we're a communications company, right? We're about teaching people to communicate well, clearly, with integrity. So, I think that's part of what we're doing, and if we were offering discounts willy nilly and competing with our reseller, we'd probably have to raise our prices to have it all even out. So, no, it's a no win situation.

Julie Walker: Yes. And I like that our products—I mean, we price them, I believe we price them appropriately. They, especially the video courses, it's a lot of work. We have a lot of people on our staff that are making these what we call “Mary Poppins perfect.” We want them to be easy to use. We want them to be clear. We want them to be funny, which is easy because we have the talent who is funny. But every now and then we get that criticism that says, “Oh, it's too expensive. Do you have a discount coupon?” And I think it comes to the reason why we might get that question. I have a printout in front of me of the checkout.

process on our website. So I put in a product in my shopping cart so I could actually play this game. I put in *Linguistic Development through Poetry Memorization*.

Andrew Pudewa: Good choice, Julie.

Julie Walker: Right? So I could furnish my mind and be an effective, a competent communicator. And so I put in all my information, my name, my city, my address. I get to choose now with our new website what shipping method I want. So that we can get it out the door a little more quickly and it costs a little bit more to do that. But I digress. I can click, click on my payment method and then there's this field that I could fill in that's called promo code/activation code.

And so, sometimes when I'm shopping online and it says promo code. I think, oh, is there a discount code somewhere? Now, me knowing IEW, I know there isn't one, but

Andrew Pudewa: Other people might.

Julie Walker: So I do a search on the website, discount IEW promo code, and I come up with the list, and there aren't any. So you won't find them on IEW, you will find them for other companies, and other companies' promo codes, shockingly, do not work on our website for our products, right?

But we did put activation code in here because we have, some of our products have a feature called forever streaming. And in order to activate the forever streaming feature, you have to put this in on our website. So it's not really a promo code. It's just it makes it look like you're getting a product for free, but you've already paid for it. It's just the best way that we can figure out how to do that.

Now, there's also another field that's called gift code. And every now and then, in fact, once a month, we do an EZ+1 webinar where we're explaining to people what our method is, how we teach writing, and give them recommendations on what to buy. Every time we do one of those webinars, anybody that's live has an opportunity to win a gift certificate, and that's what the gift code is. So that's an opportunity there. But other than that, that's it.

Andrew Pudewa: Well, what about the free shipping? I've been at conventions every weekend for a month and a half or so. And how many times have I flipped the catalog over and said, "If you buy before this date and use this code, you get free shipping. That's the only deal we have here at the convention." Because a lot of people think, Oh, it's a convention, there must be a deal.

Julie Walker: Right. Right. And can I buy here?

Andrew Pudewa: We don't even sell at conventions.

Julie Walker: No, we don't sell it. We are consulting.

Andrew Pudewa: Which most people are happy, there's zero stress. It's like, Oh no, I have to decide right now to get 24% discount at the convention. No, take all the time you want. Download the free lesson. See if you like it.

So where do they put in the shipping?

Julie Walker: That actually goes in the promo code.

Andrew Pudewa: in the promo code.

Julie Walker: So you put your free shipping code in, and you will have a free shipping code if you attend one of our dozen or so conventions that we've been at this summer. And this podcast is launching just in time for us to talk about freedomship.

Yeah. So Freedom Shipping is, has been our tradition now for, oh, a dozen or so years where July 1st through the 10th we make available a promo code so that you can get free shipping

Andrew Pudewa: Which is to really try and inspire people to not wait until mid August and then order the thing they need next week when their co-op starts meeting the third weekend in August, because then we get really impacted. So if people use the free shipping the beginning of July, it helps relieve some pressure on that rush at the end of the buying season.

Julie Walker: You will get your materials in time for your classes, for your school, for your own homeschool to start. And we won't be swamped because sometimes things take a little longer to get out the door in August. And that's when people sometimes will call us, and this goes to the second point I was going to make.

Yes, I have more than one point, I usually do. If people call us and say, but I need it tomorrow, and I am not willing to pay these extra shipping options to in order for me to get it tomorrow, then we play the Macy/Gimbal card and we say you can buy it from Amazon because our products are available on Amazon. And if you have Prime, you can get it. But here's the nice thing. We make sure that all of our our resellers, we sell through Christian Book, we sell through Rainbow Resources, we sell through big and small resellers across the United States, even around the world. But we ask them, require them to abide by our minimum pricing policy.

So you're not going to find our prices any lower. If they're buying it new, you might find someone selling their used materials at a thrift store or an Amazon. That's different. But if you're buying it new, we monitor this. We make sure that we are honoring our commitment to you that we don't offer discounts. And so you can get it from Amazon in August and provided Amazon stock is still there because we have to stock Amazon too, you will get it in the time that you want.

Andrew Pudewa: Well, and Christian Book offers free shipping too. So, one thing we should mention before we wrap it up here. One of the advantages of buying it directly from us is the guarantee. And other companies, reasonably so, can't really offer that same guarantee. And

they may have 30 days resellable conditions, something like that, whereas we've got a no time limit, basically any condition satisfaction guarantee.

Julie Walker: Yep.

Andrew Pudewa: Well, okay. So now people know why we do what we do a little bit better.

Julie Walker: And I am really grateful, Andrew, that you shared those with, with me when I first started. And even though they weren't framed in the core value type language, I can certainly see that we value our products. We have integrity. We're not raising the price so that we can discount them. And we believe in what we sell, and we want to honor you, our customer, so that if you are ever dissatisfied with your purchase, we will cheerfully refund your money.

Andrew Pudewa: Well, now they know.

Julie Walker: Now they know. Thank you, Andrew.

Andrew Pudewa: Thank you.

Julie Walker: Thanks so much for joining us. If you enjoyed this episode and want to hear more, please subscribe to our podcast in iTunes, Stitcher, or Spotify. Or just visit us each week at IEW.com/podcast. Here you can also find show notes and relevant links from today's broadcast. One last thing: would you mind going to iTunes to rate and review our podcast? This really helps other smart, caring listeners like you find us. Thanks so much.