

How to decipher price tags

The financial crisis means we have to re-think valuations, argues *Nury Vittachi*



Huh? I was totally confused. But then, utter bafflement is pretty much the default state of anyone trying to make sense of business in Hong Kong.

You see, the t-shirt shop next to the place where I have breakfast had a sign on it saying “30” in big letters. Opposite was a similar shop with a sign saying “7.” Further down the lane were two more t-shirt shops, one with a display saying “HK\$10” and the other with posters saying: “Buy two get one” (which seemed rather unfair).

So how much does an average t-shirt cost?

It was not at all clear, so the next question was: Which shop would you go to? Your answer is probably: “None of them, as I am a classy person who doesn't wear t-shirts.”

Actually, that's my answer too. But I was a man on a mission.

The other night, a friend who does the accounts of a garment dealer was talking about how the financial crisis had led to accountants signing off on loads of valuations, which now look wildly wrong.

“Everything needs to be re-valued according to its current open-market cost,” he said. “Only when multiple

outlets agree on the value of any given object can we conclude that the markets have settled down.”

Okay. So, as an experiment, I decided to drive around and see whether different shops agreed on the market value of a t-shirt in Hong Kong.

But the signs in the windows were really confusing. The one that said “30” in big letters turned out to be advertising in Western style, so the message was “30 percent off.” The second was expressing discounts in the traditional Hong Kong way, so the “7” sign meant: “You pay only 70 percent of the original price.” The shop with the “HK\$10” sign actually meant “HK\$10 and up,” but the only thing that cheap I could find was a lumpy sweater perfect for Quasimodo and no one else. In fact, it turned out that all the shops were selling t-shirts at the same price.

So this suggests the markets ARE settling down, and the main marketing strategy of retailers in Hong Kong is to confuse their customers until they pay whatever is asked.

The following morning, I headed to my usual breakfast place and saw that a new sign had gone up at one of the garment shops, a unit from the Baleno chain. A sign saying “HK\$100” had

been mounted over a pile of t-shirts at the front of the store.

I was amazed. That was three times the prices of the other shops! Their t-shirts must be woven from the fine blond hairs on Britney Spears' forearms or something.

I went into the shop to take a closer look at these wondrously expensive garments. In tiny letters on the price sign was “/3.” In other words, the displayed price was for three t-shirts.

This struck me as the worst marketing technique ever. If you just glance in the shop's window, every item seems spectacularly overpriced.

Only when the curious passer-by actually enters the shop does he realize that the stuff is actually cheap. With this thought in mind, I bought three t-shirts.

Five minutes later, I was eating breakfast next door with my shopping at my feet when I realized that the shop's anti-intuitive marketing technique had just worked perfectly. I'd just bought three t-shirts.

And I don't wear t-shirts!

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