

## **Framing** *Changing Perceptions of Value*

**Samuel Engel**

Pricing—Class 10

1

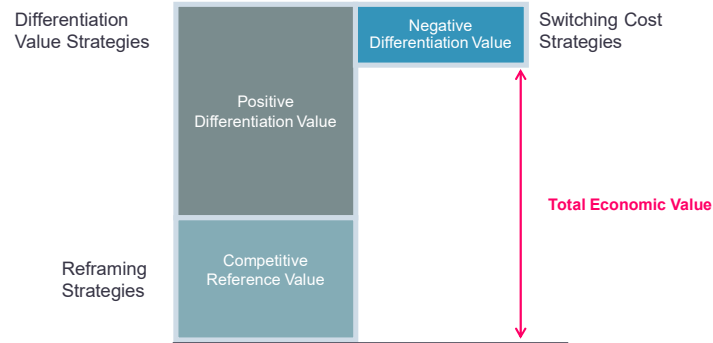


# **Pricing in the News**

Adapted from: Dr. Giovanni Vignati.

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## Changing Perceptions of Value

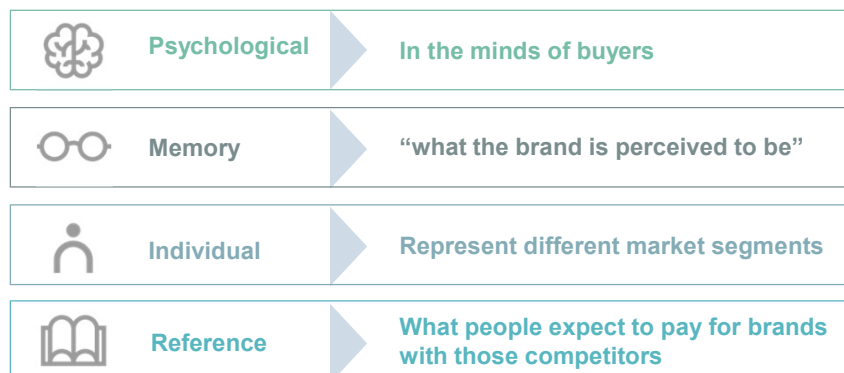


Adapted from: Dr. Gerald Smith

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## Frames

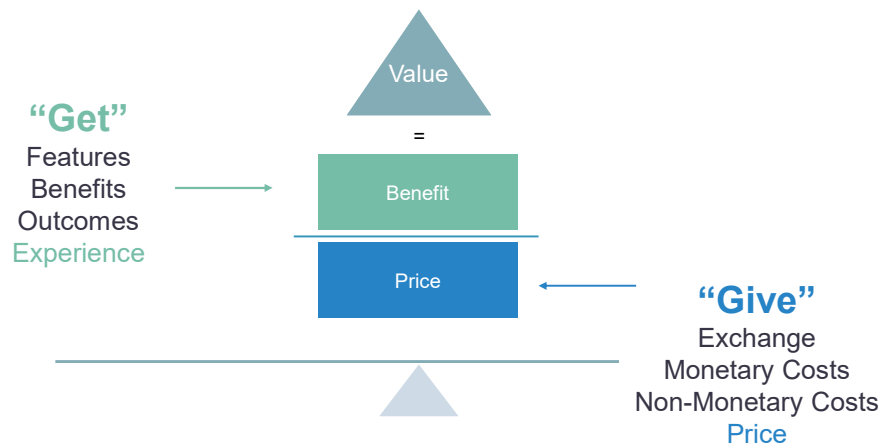


Adapted from: Dr. Gerald Smith

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## Value = Get vs. Give

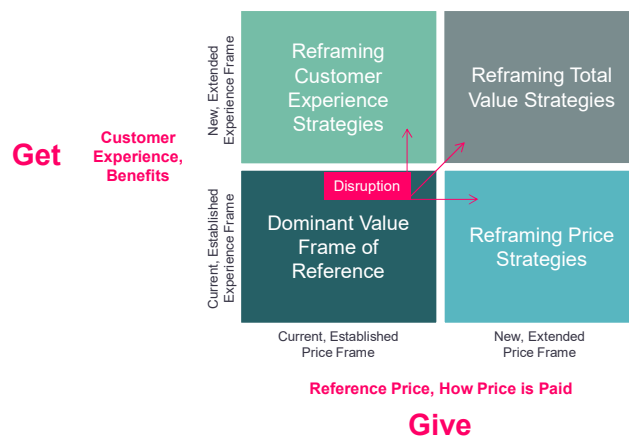


Adapted from: Dr. Gerald Smith

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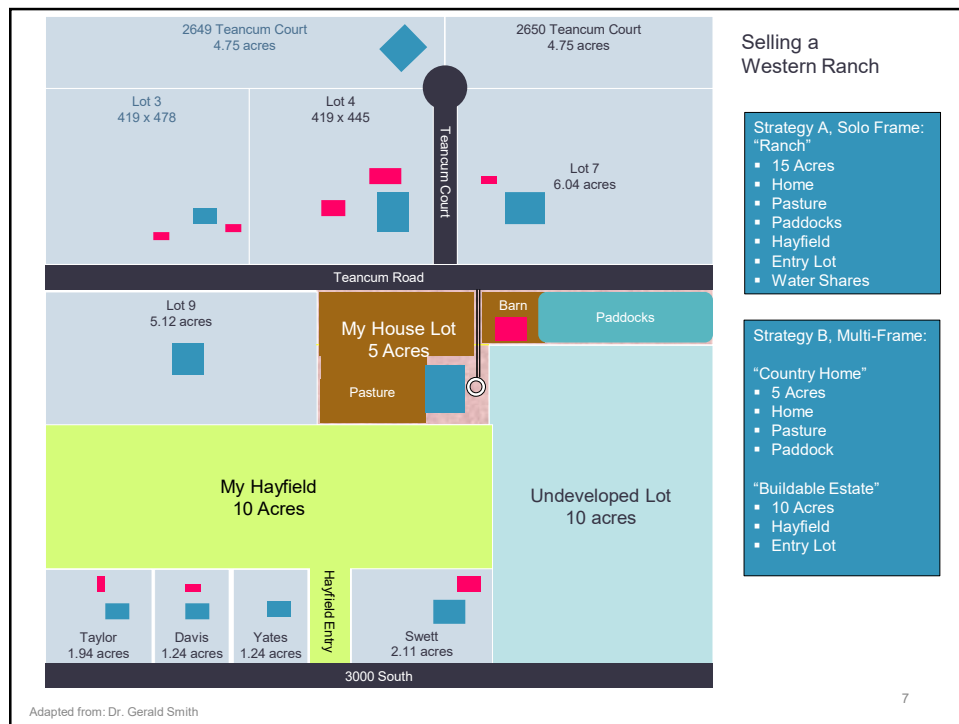
## Strategic Value Reframing Strategies



Adapted from: Dr. Gerald Smith

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## Reframing Evian Water



evian® Facial Spray  
5 oz. / 150ml

**\$12.50**

Perfect way to help hydrate in air conditioned, or over-heated offices. evian® helps enhance the effectiveness of all moisturizers and any skin care regimen. evian® Facial Spray revives color cosmetics throughout the day. Feel confident to lightly spray over face without disturbing makeup. Every can of evian® is propelled under high pressure by nitrogen (80% of the air mist allows the skin to breathe).

Frame of Reference  
(What it is)  
"Facial Hydrating Spray"  
  
Intangible Differentiation  
Value



HAMPTON SUN  
Continuous Mist Hydrating  
Aloe  
\$10.00 - \$28.00

**\$5.60/ounce**  
Reference Value



CAUDALIE  
Grape Water  
\$10.00 - \$18.00

**\$2.69/ounce**  
Reference Value



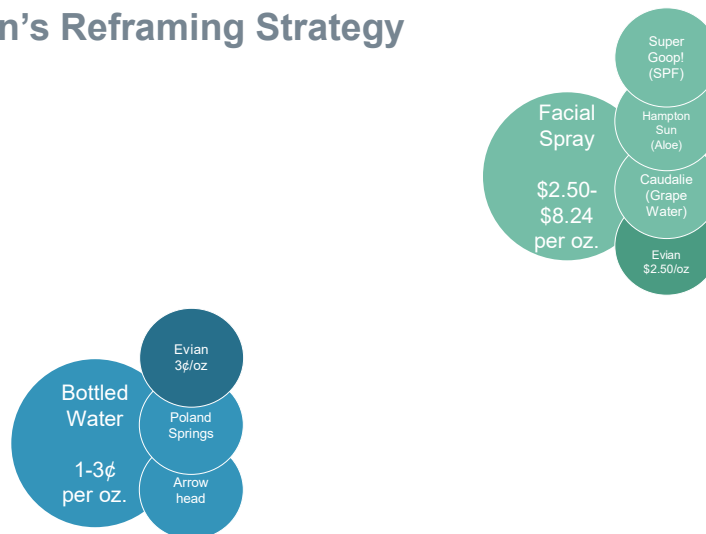
SUPERGOOP!  
Defense Refresh Setting Mist  
SPF 50  
\$12.00 - \$28.00

**\$8.24/ounce**  
Reference Value<sup>9</sup>

Adapted from: Dr. Gerald Smith.

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## Evian's Reframing Strategy



Adapted from: Dr. Gerald Smith

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## Reframing Shaving “Cream” as Shaving “Butter”

Gillette  
Foamy Shave  
Cream  
\$2.59/11 oz  
can  
24¢/oz

Dr. Carver's  
Easy Shave  
Butter

\$8/6oz tube

\$1.33/oz



Adapted from: Dr. Gerald Smith

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## Reframing a Tee Shirt



**\$29.50**

**BEST SELLER**  
Garment-dyed slub cotton crewneck T-shirt

**\$29.50**  
Regular, Slim, Tall  
16 colors



**GAP**  
Men Teen Girls

**\$19.95**



Organic Cotton Pocket T-Shirt  
\$19.95

**BANANA REPUBLIC**

**\$34.50**



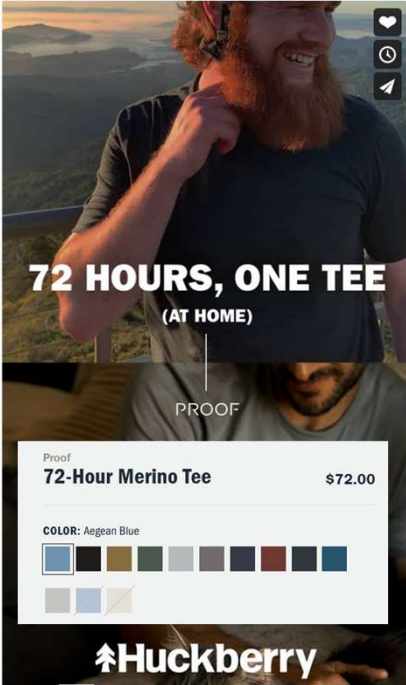
Authentic SURIMAB Crew-Neck T-Shirt  
\$34.50

Frame of Reference  
(What it is)  
“Tee-Shirt”

Commoditized  
Product Value

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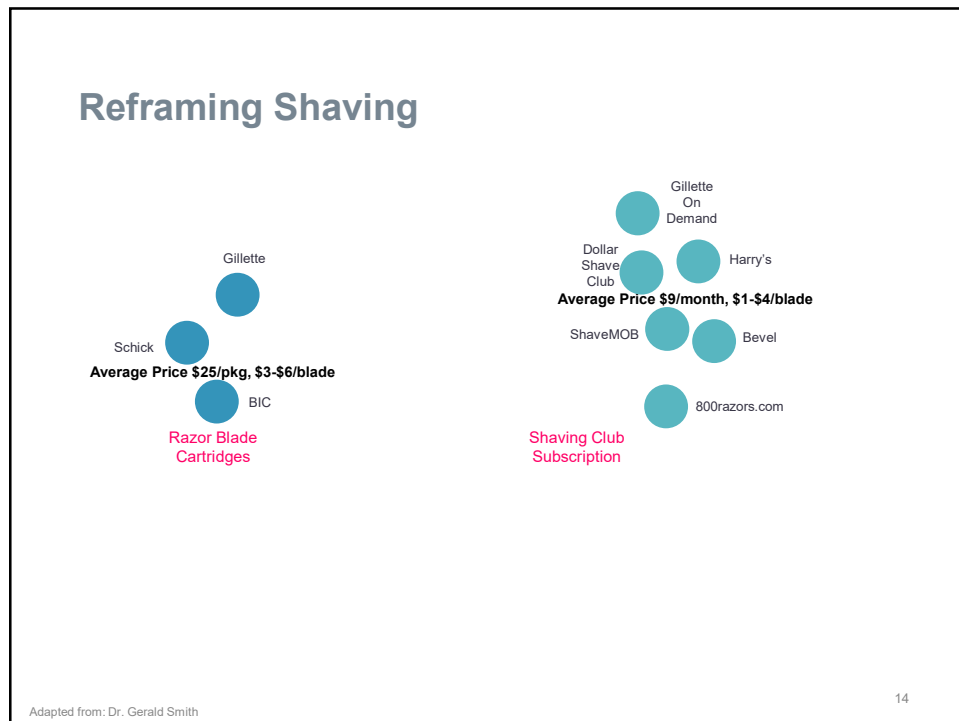
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## Performance Tee-Shirt

The team at Proof created a performance **travel tee that can be worn for 72 hours straight** without showing any signs of wear—or, you know, odor. It's built from the softest and strongest merino wool on the planet, and we proved its abilities by taking it on all our adventures around the globe.

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Never run out and save up to 50% with HP Instant Ink

Your printing service includes:

- ✓ Original HP ink or toner
- ✓ Hassle-free delivery and recycling
- ✓ Flexible plan options, starting at \$0.99 / month
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**NEW! Add HP Paper to your Instant Ink delivery. [Learn more](#)**


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### How it works




**Select a printing plan**

Print a little or a lot—there's an option for everyone. Your subscription includes ink or toner, hassle-free delivery, and prepaid recycling.



**We ship you ink or toner at no extra cost**


When ink or toner levels are low, we automatically ship a new cartridge. Cartridges are shipped before you need them, so you never run out.



**Enjoy total flexibility**

You can cancel or change your plan anytime. If you don't use all of your pages, they automatically rollover to the next month.

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**Original HP Ink**

HP 920 Magenta Original Ink Cartridge

HP 920 Cyan Original Ink Cartridge

HP 920 Yellow Original Ink Cartridge

HP 920 Black Original Ink Cartridge

### Ink Plans

**Most Popular**

LIGHT	OCCASIONAL	MODERATE	FREQUENT	BUSINESS
\$0.99 / month	\$3.99 / month	\$5.99 / month	\$11.99 / month	\$24.99 / month
10 Pages / month	50 Pages / month	100 Pages / month	300 Pages / month	700 Pages / month

[Sign Up Now](#)

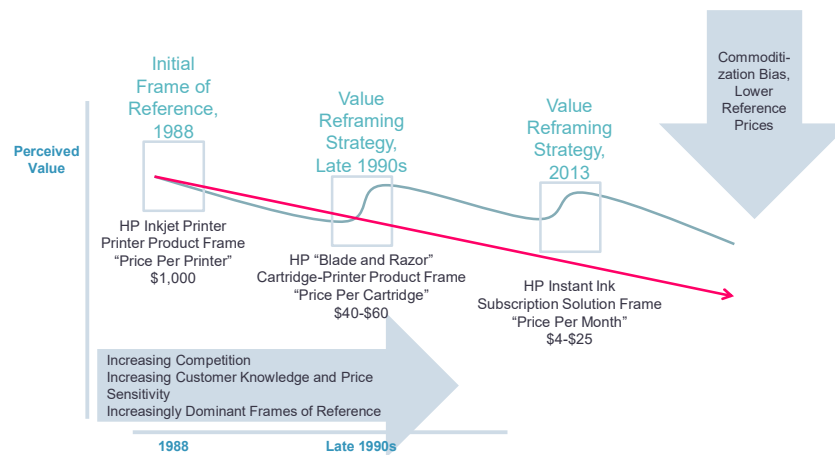
HP 920 Cyan Original Ink Cartridge	~300 pages	\$10.99
HP 920 Yellow Original Ink Cartridge	~300 pages	\$10.99
HP 920 Black Original Ink Cartridge	~420 pages	\$22.99

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## HP Reframes Value and Price over Time



Adapted from: Dr. Gerald Smith

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## "Salvator Mundi", The Savior of the World Leonardo da Vinci (1452-1519)



Leonardo da Vinci's 'Salvator Mundi' is attributed to both DQDs at Christie's New York this month. © Christie's Images Limited 2017

2005, Discovered, estate auction, \$10,000  
Sold 2013, Swiss art advisor, \$83 million  
Immediate Flip to Russian oligarch for \$137 million  
Sold 2017, Arabian Gift

27,000 pre-auction viewings in Hong Kong, London, San Francisco, New York

Called: "The Last da Vinci," "The male Mona Lisa"

Only known Leonardo painting still in private collection, 15 others held in world museums

"This is the most important old master painting to have been sold at auction in my lifetime."









Top dealers like Larry Gagosian, David Zwirner and Marc Payot of Hauser & Wirth, as well as major collectors, traveled here for the sale, among them Eli Broad and Michael Ovitz from Los Angeles; Martin Margulies from Miami; and Stefan Edlis from Chicago.

The Invention of the 'Salvator Mundi'  
[vulture.com/2019/04/salvator-mundi-leonardo-da-vinci.html](http://vulture.com/2019/04/salvator-mundi-leonardo-da-vinci.html)

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## “Old Masters Art” Frame of Reference

	<b>LOT 17 TO</b> Camille Pissarro (1830-1903) Garden of Kew, London, near a pond oil on canvas 18 1/4 x 21 1/2 in. (46.3 x 55.2 cm.)	<b>ESTIMATE</b> \$ 3,000,000 - \$ 5,000,000 <b>PRICE REALIZED</b> \$ 4,692,500
	<b>LOT 18 TO</b> Henri Matisse (1869-1954) The mother of Matisse oil on canvas 24 1/2 x 33 1/2 in. (62.2 x 85.4 cm.)	<b>ESTIMATE</b> \$ 12,000,000 - \$ 18,000,000 <b>PRICE REALIZED</b> \$ 15,000,000
	<b>LOT 19 TO</b> The Family for Peter Ailly oil on canvas 28 7/8 x 36 1/2 in. (73.5 x 92.7 cm.)	<b>ESTIMATE</b> \$ 10,000,000 - \$ 15,000,000 <b>PRICE REALIZED</b> \$ 7,262,500
	<b>LOT 20 TO</b> Pierre-Auguste Renoir (1841-1919) Female bust, profile oil on canvas 25 5/8 x 21 3/8 in. (65.1 x 54.2 cm.)	<b>ESTIMATE</b> \$ 7,000,000 - \$ 10,000,000 <b>PRICE REALIZED</b> \$ 8,187,500
	<b>LOT 21 TO</b> Claude Monet (1840-1926) Morning on the Seine oil on canvas 35 1/8 x 36 3/8 in. (89.3 x 92.3 cm.)	<b>ESTIMATE</b> \$ 15,000,000 - \$ 25,000,000 <b>PRICE REALIZED</b> \$ 23,375,000
	<b>LOT 27 A</b> Robert Delaunay (1885-1941) The Eiffel Tower oil on canvas 31 7/8 x 25 5/8 in. (81.2 x 65.1 cm.)	<b>ESTIMATE</b> \$ 2,500,000 - \$ 3,500,000 <b>PRICE REALIZED</b> \$ 3,372,500
	<b>LOT 28 TO</b> Vincent van Gogh (1853-1890) Plowman in a field oil on canvas 19 7/8 x 25 1/2 in. (50.3 x 64.9 cm.)	<b>ESTIMATE</b> \$ 50,000,000 - \$ 60,000,000 <b>PRICE REALIZED</b> \$ 61,312,500
	<b>LOT 31 A</b> Joan Miro (1893-1983) Painting oil on canvas 51 1/8 x 62 1/2 in. (129.8 x 161.9 cm.)	<b>ESTIMATE</b> \$ 18,000,000 - \$ 25,000,000 <b>PRICE REALIZED</b> \$ 23,375,000
	<b>LOT 32 TO</b> Edouard Vuillard (1868-1940) Yvonne Spring in the chair painting on glue on canvas 51 1/8 x 36 1/8 in. (129.9 x 96.9 cm.)	<b>ESTIMATE</b> \$ 800,000 - \$ 1,200,000 <b>PRICE REALIZED</b> \$ 1,572,500

CHRISTIE'S

SALE 15004 | NEW YORK

Impressionist & Modern Art Evening Sale Including Property from The Collection of Nancy Lee and Perry R. Bass

13 NOVEMBER 2017

“Old Masters”

SALE TOTAL: 480,414,000 (USD)

60 LOTS FOR SALE 15004

Impressionist & Modern Art Auction









“Old Masters”

Average Sale Price \$8.0M

Adapted from: Dr. Gerald Smith

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## “Contemporary Art” Frame of Reference

	<b>LOT 5 B</b> Eva Hesse (1936-1970) No title graphite and ink wash on paper 11 3/4 x 9 in. (29.8 x 22.8 cm.)	<b>ESTIMATE</b> \$800,000 - \$1,200,000 <b>PRICE REALIZED</b> \$1,092,500
	<b>LOT 6 B</b> Mark Rothko (1903-1970) Saffron oil on canvas 69 1/2 x 53 3/4 in. (175.6 x 136.5 cm.)	<b>ESTIMATE</b> \$25,000,000 - \$35,000,000 <b>PRICE REALIZED</b> \$32,375,000
	<b>LOT 7 B</b> Louise Bourgeois (1911-2010) Spider II bronze 73 x 73 x 22 1/2 in. (185.4 x 185.4 x 57.2 cm.)	<b>ESTIMATE</b> \$10,000,000 - \$15,000,000 <b>PRICE REALIZED</b> \$11,562,500
	<b>LOT 8 B</b> Vija Celmins (B. 1938) Leaf Sea #2 oil on canvas 72 x 60 in. (182.8 x 152.4 cm.)	<b>ESTIMATE</b> \$1,500,000 - \$2,500,000 <b>PRICE REALIZED</b> \$5,862,500
	<b>LOT 13 B</b> Andy Warhol (1928-1987) Sixty Last Suppers acrylic and silkscreen ink on canvas 116 x 393 in. (294.6 x 998.2 cm.)	<b>ESTIMATE</b> \$53,000,000 - \$53,000,000 <b>PRICE REALIZED</b> \$60,875,000
	<b>LOT 14 B</b> Agnes Martin (1912-2004) Untitled acrylic and graphite on canvas 60 x 60 in. (154.2 x 154.2 cm.)	<b>ESTIMATE</b> \$4,000,000 - \$6,000,000 <b>PRICE REALIZED</b> \$4,692,500
	<b>LOT 15 B</b> Cy Twombly (1928-2011) Untitled acrylic on canvas 128 x 194 1/2 in. (325.1 x 494 cm.)	<b>ESTIMATE</b> \$45,000,000 - \$45,000,000 <b>PRICE REALIZED</b> \$46,437,500
	<b>LOT 16 B</b> Philip Guston (1913-1980) Summer Kitchen Still Life oil on canvas 32 1/8 x 36 in. (82 x 91.4 cm.)	<b>ESTIMATE</b> \$5,000,000 - \$7,000,000 <b>PRICE REALIZED</b> \$6,612,500

CHRISTIE'S

SALE 14995 | NEW YORK

Post-War & Contemporary Art Evening Sale

15 NOVEMBER 2017

“Contemporary”

SALE TOTAL: 788,942,250 (USD)

58 LOTS FOR SALE 14995

Contemporary Art Auction







“Contemporary”

Average Sale Price \$13.6M

Adapted from: Dr. Gerald Smith

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### Salvatore Mundi Auction Listing

	<b>LOT 9 B</b> Eva Hesse (1936-1970) <i>No title</i> graphite and ink wash on paper 11 3/4 x 9 in. (29.8 x 22.8 cm.)	<b>ESTIMATE</b> \$800,000 - \$1,200,000 <b>PRICE REALIZED</b> \$1,092,500
	<b>LOT 6 B</b> Mark Rothko (1903-1970) <i>Saffron</i> oil on canvas 69 1/2 x 63 3/4 in. (175.6 x 136.5 cm.)	<b>ESTIMATE</b> \$25,000,000 - \$35,000,000 <b>PRICE REALIZED</b> \$32,375,000
	<b>LOT 7 B</b> Louise Bourgeois (1911-2010) <i>Spider II</i> bronze 73 x 73 x 22 1/2 in. (185.4 x 185.4 x 57.2 cm.)	<b>ESTIMATE</b> \$10,000,000 - \$15,000,000 <b>PRICE REALIZED</b> \$11,562,500
	<b>LOT 8 B</b> Vija Celmins (b. 1938) <i>Lead Sea II</i> graphite on paper 14 1/2 x 19 3/4 in. (36.8 x 50.1 cm.)	<b>ESTIMATE</b> \$1,500,000 - \$2,500,000 <b>PRICE REALIZED</b> \$4,212,500
	<b>LOT 9 B</b> Leonardo da Vinci (1452-1519) <i>Salvator Mundi</i> oil on panel 25 7/8 x 18 in. (65.7 x 45.7 cm.)	<b>ESTIMATE</b> \$100,000,000 - \$100,000,001 <b>PRICE REALIZED</b> \$490,312,500
	<b>LOT 20 B</b> Hans Hofmann (1880-1966) <i>Lava</i> oil on canvas 72 x 60 in. (182.8 x 152.4 cm.)	<b>ESTIMATE</b> \$4,000,000 - \$6,000,000 <b>PRICE REALIZED</b> \$6,862,500

CHRISTIE'S





SALE 14995 | NEW YORK

Post-War & Contemporary Art Evening Sale

15 NOVEMBER 2017 "Contemporary"

SALE TOTAL: 788,942,250 (USD)









58 LOTS FOR SALE 14995

	<b>LOT 13 B</b> Andy Warhol (1928-1987) <i>Sixty Last Suppers</i> acrylic and silkscreen ink on canvas 116 x 393 in. (294.8 x 998.2 cm.)	<b>ESTIMATE</b> \$53,000,000 - \$53,000,001 <b>PRICE REALIZED</b> \$60,875,000
	<b>LOT 14 B</b> Agnes Martin (1912-2004) <i>Untitled</i> acrylic and graphite on canvas 60 x 60 in. (154.2 x 154.2 cm.)	<b>ESTIMATE</b> \$4,000,000 - \$6,000,000 <b>PRICE REALIZED</b> \$4,692,500
	<b>LOT 15 B</b> Cy Twombly (1928-2011) <i>Untitled</i> acrylic on canvas 126 x 194 1/2 in. (325.1 x 494 cm.)	<b>ESTIMATE</b> \$40,000,000 - \$40,000,001 <b>PRICE REALIZED</b> \$46,437,500
	<b>LOT 16 B</b> Philip Guston (1913-1980) <i>Summer Kitchen Still Life</i> oil on canvas 32 1/8 x 36 in. (82 x 91.4 cm.)	<b>ESTIMATE</b> \$5,000,000 - \$7,000,000 <b>PRICE REALIZED</b> \$6,612,500

Adapted from: Dr. Gerald Smith

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### Salvatore Mundi "Lot" Description

	<b>LOT 17 TO</b> Camille Pissarro (1830-1903) <i>Garden of Kew, London, near a pond</i> oil on canvas 18 1/4 x 21 1/4 in. (46.3 x 55.2 cm.)	<b>ESTIMATE</b> \$ 3,000,000 - \$ 5,000,000 <b>PRICE REALIZED</b> \$ 4,862,500
	<b>LOT 18 TO</b> Henri Matisse (1869-1954) <i>The regatta of Nice</i> oil on canvas 31 7/8 x 25 5/8 in. (81 x 65.1 cm.)	<b>ESTIMATE</b> \$ 12,000,000 - \$ 18,000,000 <b>PRICE REALIZED</b> \$ 16,625,000
	<b>LOT 19 A</b> Marc Chagall (1887-1985) <i>The Yellow Tower</i>	<b>ESTIMATE</b> \$ 4,000,000 - \$ 6,000,000
	<b>LOT 9 B</b> Leonardo da Vinci (1452-1519) <i>Salvator Mundi</i> oil on panel 25 7/8 x 18 in. (65.7 x 45.7 cm.)	<b>ESTIMATE</b> \$100,000,000 - \$100,000,001
	<b>LOT 25 A</b> Pierre-Auguste Renoir (1841-1919) <i>Female bust, profile</i> oil on canvas 25 5/8 x 21 3/8 in. (65.1 x 54.2 cm.)	<b>ESTIMATE</b> \$ 7,000,000 - \$ 10,000,000 <b>PRICE REALIZED</b> \$ 8,187,500
	<b>LOT 26 TO</b> Claude Monet (1840-1926) <i>Morning on the Seine</i> oil on canvas 35 1/8 x 36 3/8 in. (89.3 x 92.3 cm.)	<b>ESTIMATE</b> \$ 15,000,000 - \$ 25,000,000 <b>PRICE REALIZED</b> \$ 23,375,000
	<b>LOT 31 A</b> Joan Miró (1893-1983) <i>Painting</i> oil on canvas 51 1/8 x 63 1/4 in. (129.8 x 161.9 cm.)	<b>ESTIMATE</b> \$ 18,000,000 - \$ 25,000,000 <b>PRICE REALIZED</b> \$ 23,375,000
	<b>LOT 32 TO</b> Edouard Vuillard (1868-1940) <i>Yvonne Spring in the chair</i> painting on glue on canvas 51 1/8 x 38 1/8 in. (129.9 x 96.9 cm.)	<b>ESTIMATE</b> \$ 900,000 - \$ 1,200,000 <b>PRICE REALIZED</b> \$ 1,372,500

CHRISTIE'S

SALE 15004 | NEW YORK

Impressionist & Modern Art Evening Sale Including Property from The Collection of Nancy Lee and Perry R. Bass

13 NOVEMBER 2017 "Old Masters"

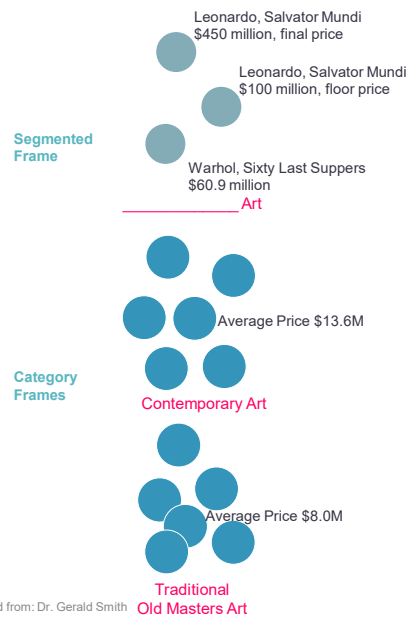
SALE TOTAL: 480,414,000 (USD)

60 LOTS FOR SALE 15004

Adapted from: Dr. Gerald Smith

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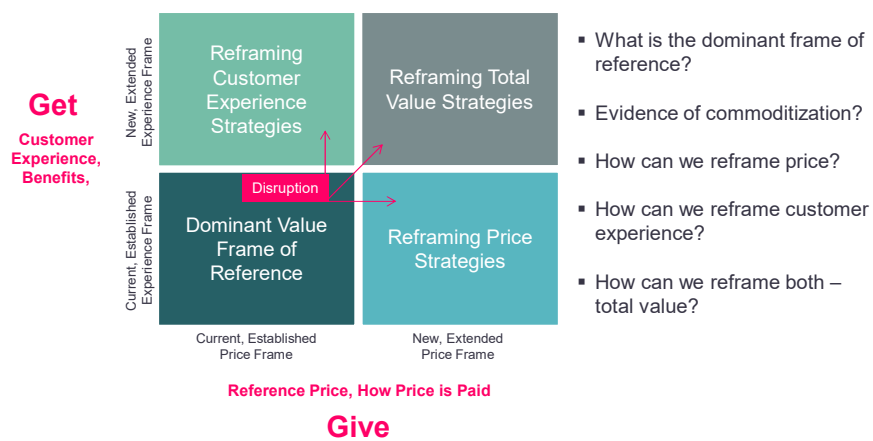
## Reframing the Value of Salvator Mundi



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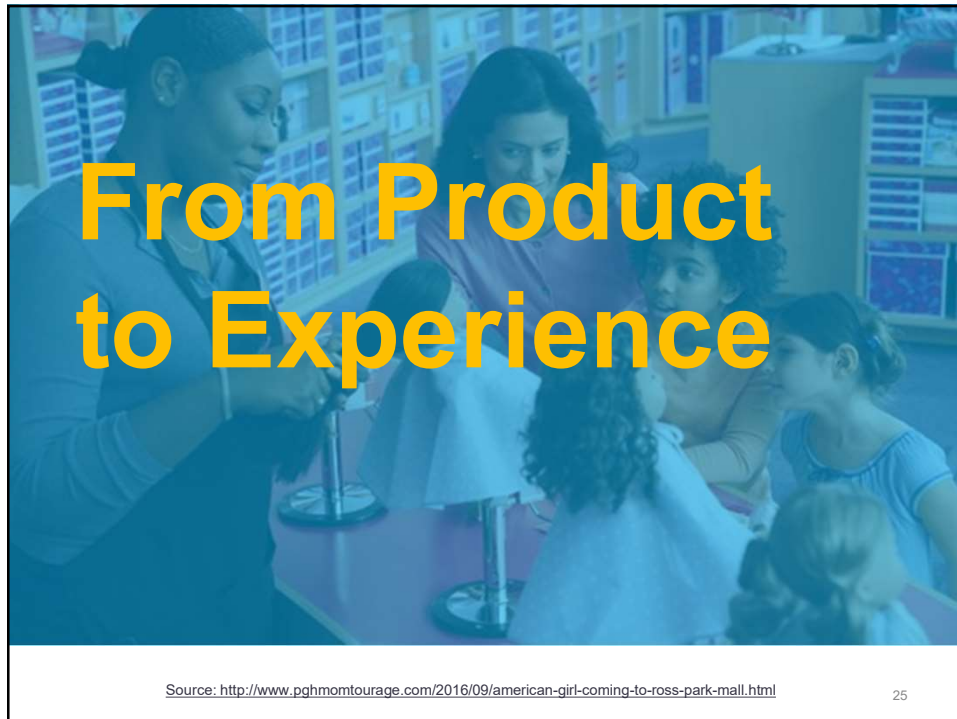
## Reframing: key questions



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Adapted from: Dr. Gerald Smith

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Source: <http://www.pghmomtourage.com/2016/09/american-girl-coming-to-ross-park-mall.html>

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## Restaurant NoMI, Chicago - \$\$\$\$

The hotel concierge recommended NoMI on the seventh floor of the Chicago Park Hyatt. Our table by the big window overlooked the iconic Chicago Water Tower, constructed in 1869 of Joliet (Illinois) limestone blocks and one of the few survivors of the 1871 Great Fire.

Everything about the restaurant was world-class—the décor, service, food, wine and vodka (Grey Goose). Dining doesn't get any better than that, and I would recommend it to anybody who has plenty of money or a fat expense account.

**The next table was set for three. Lunching there were a most stylish young suburban matron, her equally stylish daughter—age about 9—and the daughter's doll, which was continually being fussed over by both. The three of them were having a grand time together.**

As they were leaving, I asked the lady if the doll was from American Girl.

"Oh, yes," was the reply. **"We have a 2 o'clock appointment at American Girl Place to do some shopping for clothes and accessories."**

<https://www.targetmarketingmag.com/article/the-marketing-genius-american-girl-90867/all/>

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## Toy?

Barbie

## Experience

American Girl Doll

"barbie"



Barbie Fairytale Ballerina Doll, Pink

★★★★☆ ~ 424

\$6<sup>04</sup> ~~\$8.99~~

✓prime FREE One-Day

...if you are a little girl or her mother (or grandmother, or aunt), American Girl is, at most times, a quite breathtakingly attractive amalgam of education and entertainment, all of it rooted in storytelling.

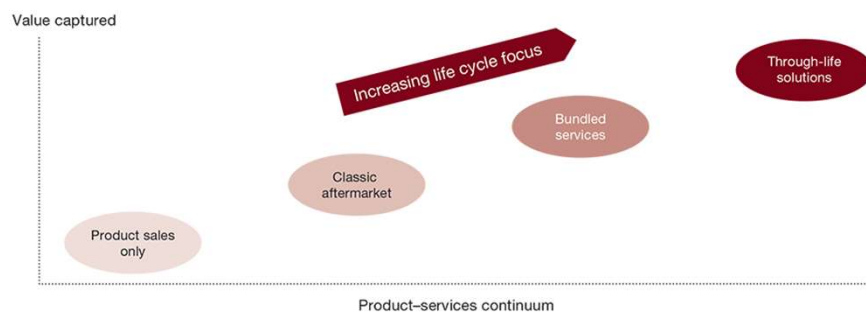
After a \$22 lunch, a \$32 revue, a **\$15 hair styling**, and a **\$24.95 photo session**, plus a few new outfits and a book or two, of course, you're talking about a doll-stravaganza tab running to several hundred dollars.

<https://www.targetmarketingmag.com/article/the-marketing-genius-american-girl-90867/all/>

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## From Product to Service



Source: Strategy&

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## SKF Bearings *Integrated Maintenance Services*

Pre-IMS	Post-IMS
<ul style="list-style-type: none"> <li>▪ <b>Bearings fail because of:</b> <ul style="list-style-type: none"> <li>▪ Incorrect installation</li> <li>▪ Inadequate lubrication</li> <li>▪ Environmental contamination</li> </ul> </li> <li>▪ <b>Repairs are slow because:</b> <ul style="list-style-type: none"> <li>▪ Time spent locating correct people and parts</li> <li>▪ Reactive maintenance rather than planned/preventive maintenance</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪</li> <li>▪</li> <li>▪</li> <li>▪</li> </ul>

Source: IMD Case Sandra Vandermerwe, Marika Taishoff ,  
SKF Bearings: Market Orientation Through Services

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## Digital Products = Multiple Dimensions

Product	>>>	Portfolio of Services
Pay Once	>>>	Pay Over Time
Currency = Cash	>>>	Currency = ??
Customer Pays	>>>	Ecosystem Pays

*Price the Experience and Relationship*

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