

PRICING STRATEGIES BLUEPRINT





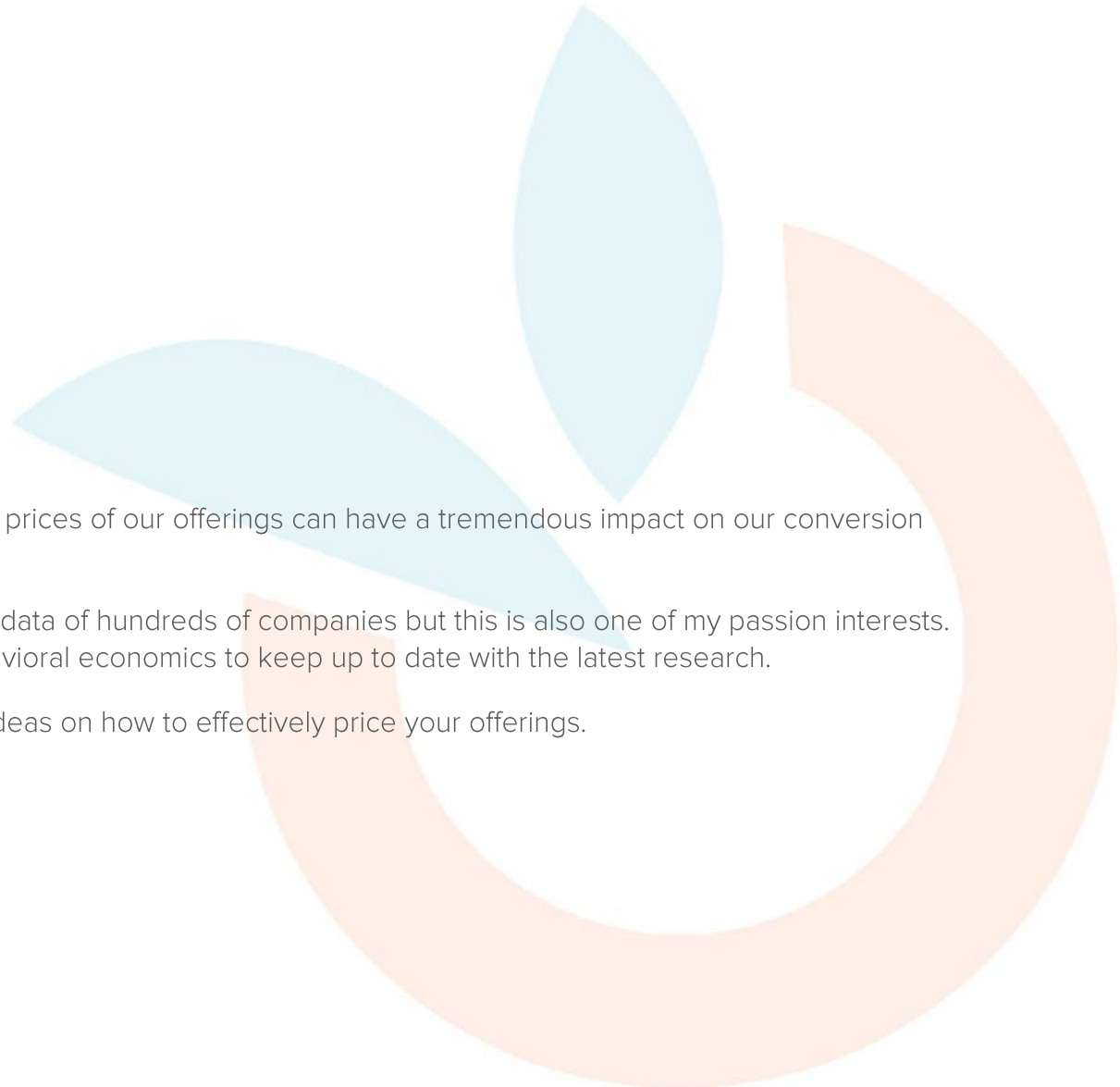
INTRODUCTION

Small changes in pricing and how we position the prices of our offerings can have a tremendous impact on our conversion rates.

I've been fortunate to not only be exposed to the data of hundreds of companies but this is also one of my passion interests. I've taken several courses over the years on behavioral economics to keep up to date with the latest research.

I've put together this blueprint to give you some ideas on how to effectively price your offerings.

Sharon Hayes



PRICING STRATEGIES

Be Cautious with Round Prices – Example: \$1000, \$2000, etc

People are more apt to purchase when a number rolls off their tongue easily so on the surface that makes it seem like round prices are a safe bet. The problem is that when you use round numbers, you want to avoid pricing interval like \$500 or \$1000 because people will perceive the price as being higher than what it should be. It gives this feeling like the price has been plucked out of the air.

Reduce the Left Digit by One – Example: \$999 versus \$1000

The way our brain processes numbers is that we read the left number first. That means we'll see a price of \$999 as being significantly less than \$1000. These are referred to as charm prices.

William Poundstone, in his book Priceless, looks at various studies done using charm prices. He found that, on average, using a charm price increases sales by 24% versus rounded price points.

Don't Display Commas in Pricing – Example: \$2497 versus \$2,497

There are 2 reasons you don't want to display commas in pricing. The first is that it makes the number look longer so people will perceive the price to be more. The second is it takes longer to say with a comma.

Offer Only a Payment Plan

One trend that seems to be working well for many people selling higher priced offerings en masse is offering only a payment plan. This makes it appear that the cost of the program is actually less than it is. This works best if your offerings is geared to start-up business owners or consumer niches that aren't affluent.

Display Your Price as Daily Equivalence – Example: \$97/month = \$3.23/day

Using a daily price breakdown, especially when combined with a payment plan, can be extremely effective in some markets. This is especially true in markets that are naturally hard to break through at higher price points.

Let's say you'd wanted to charge \$997 for your offer but decide instead to have 12 monthly payments of \$97. The price per day of the offer would then be \$3.23.

Offer a More Expensive Option Side-By-Side

A tactic that works very well is offering a more expensive option for your program side-by-side. For example, if you are selling a group program at \$1997, you could have an option including 5 hours of personal coaching for \$9997.

Use Decoy Pricing

With decoy pricing, you offer 3 different pricing options. You might have an online only version for \$997, a shipped physical edition for \$1497 and both for \$1497. You'll see that many people will opt for the \$1497 to get the bargain of both the online and physical editions for the same price as just the physical edition.

Keep Shipping & Handling Separate

If you have a physical component to your program that will require shipping, make sure to separate the shipping & handling fee from the price.

The Fallacy of Ending Prices in “7” – Use in IM Only

In the world of Internet Marketing, you’ll see many marketers will price their products ending in the number “7.” For example, using a price of \$997. The reality is that there is no scientific basis behind this. In fact, almost all tests show that ending in 5 works best. After that, ending in 9.

Personally, if I’m marketing a program or product of appeal to those exposed to the Internet Marketing world, I’ll use prices ending in 7. In all other cases, I will use 5.

