

The Business and Employment Centre

HOW TO PRICE YOUR PRODUCT OR SERVICE THE RIGHT WAY

**The Best Strategies for Pricing
Your Product Competitively**

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Employment Centre**

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Pricing: All You Need To Know

HOW TO PRICE YOUR PRODUCT OR SERVICE THE RIGHT WAY

If you are trying to sell something on the Internet, pricing your services/ products would be the single most important decision you will take. Since, the Internet provides thousands of alternatives to the customers, you need to be at par with the competition. The prices that you quite will determine how long you can stay in the market.

You need to acquire a clear-cut idea about pricing. To what extent can you push it? How often do you need to review the prices? A lot would depend on how you handle this stage of business.

You have to pinpoint a consumer group to begin with and then estimate how much they would be willing to pay for your services or products.

But besides that, you also have to ensure that you make some profit for yourself. And quite often these two demands can conflict with each other. Different people use different techniques to set the prices of their products. Some of them have a scientific basis and some do not. Given below is one such procedure which works with an understanding of the production cost, customer expectations and other players in the field.

Cost is defined as the sum total of the expenses that you incur when making a product. Expenses include cost of raw material, machinery, packaging, delivery etc. Price is amount customers have to pay for per unit of you product /service.



Pricing: All You Need To Know

HOW TO PRICE YOUR PRODUCT OR SERVICE THE RIGHT WAY

For you to make a profit, the price should be more than the cost. Your prices should be consistently above the cost if you are planning to run your company for a long time, except in special cases. Sometimes you can lower the prices, to gain entry into a market for example. Starting with prices which are lower than your competitors would make people notice you. And once you collect a decent number of customers you can gradually increase prices!

How much would customers pay for your services is directly proportional to significant and valuable they think your product is. Of course, your marketing strategies and reputation in the market will play a significant role in this regard.

Between these two numbers, your cost and the price your customers are willing to pay for your product lies your ideal price. If your price is a little lower than what your customers are willing to pay for your services, it would definitely work in your favor in the long run.

If your price is higher than what is fair in the eyes of the customer, you would end up losing your appeal and market and gradually your viability.

WORKING WITH PRICE SENSITIVE BUYERS

HOW TO PRICE YOUR PRODUCT OR SERVICE THE RIGHT WAY



The value of money in today's world is a stark reality and that is why customers looking to shop for their needs have become aware of the cash factor where buying is concerned.

They look to getting the most out of the least money spent that is why pricing your products correctly goes a long way in ensuring that you keep getting customers and make profits. But that necessarily does not mean that you can only woo your customers by reducing prices, as this can often lead to losses.

But more than price, it is the value of the product that determines its price in the eyes of the customer. One will never expect a high-profile vehicle like a Mercedes to be priced in accordance with the rates of a Toyota, but they will expect to get the best deal from you when searching to buy a Toyota in the market.

Thus, adding value to any product through good marketing, research and development is a sure shot way of ensuring your customer appreciating and agreeing to the price and the worth of the product. Therefore it is a simple fact of changing how the customer looks at a product.

WORKING WITH PRICE SENSITIVE BUYERS

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The simplest and efficient strategy to satisfy a price sensitive buyer is to give them a vivid picture of the benefits this spending will get them in the long run. Everybody likes to know that they spent good money on something that will last and bring back more returns. So, if you can convince the client that buying something is not just about spending but investing in something worthwhile and long term, they will agree to spend the money.

Showing how the higher priced object will in the end cause lesser problems and thereby save a lot of hassle and unnecessary spending on servicing and repairs, you may just be able to clinch the deal. This is again all about convincing their customers they are doing the wise thing in looking at the long term benefits of the purchase.

If you have a quality product and market it well any sane customer will come to you. Even if it means spending that extra buck, customers want the best in the market for themselves. So giving quality products never fails in bringing back customers for more.

WORKING WITH PRICE SENSITIVE BUYERS

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Winning over price sensitive buyers requires understanding that price is not the only component of their buying decisions. When you take the time to uncover your customer's needs you will be able to present the full value of your service or customer. If you fail to uncover the complete picture you may find yourself in the position of answering price concerns, and in the long run that will not help your business to succeed.

So, know your customers. Figure out how their minds work and what they want. This will go a long way in convincing and wooing them to buy the right, even though expensive, product. If you fail to understand that buying is not just about the money, but all the other things mentioned above, you might have to keep reducing prices to get customers and that will not be to profitable to your business.

